United States Court of Appeals

for the Second Circuit

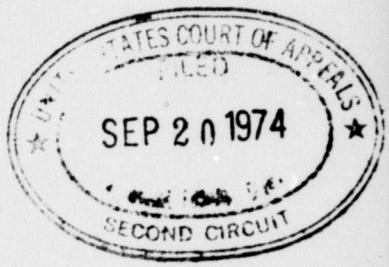
APPENDIX

74-2161

IN THE

United States Court of Appeals
FOR THE SECOND CIRCUIT

Docket No. 74-2161



RONSON CORPORATION,
Plaintiff-Appellant,

v.

LIQUIFIN AKTIENGESELLSCHAFT,
Defendant-Appellee,

and

LIQUIGAS S.p.A., LIQUIMPORTEX AKTIENGESELLSCHAFT, THE FIRST NATIONAL BANK OF WASHINGTON, RAFFAELE URSINI, PHILIP MARFUGGI, DANIEL A. PORCO and MICHELE SINDONA,
Defendants,

LOUIS V. ARONSON II, JEROME J. BLUMBERG, GILBERT MACKAY, MORTON A. SIEGLER, MORRILL J. COLE, JUSTIN P. WALDER, A. LESTER GRANET, ROBERT B. WRIGHT, and GEORGESON & Co.,
Counterclaim-Defendants.

ON APPEAL FROM AN ORDER OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

JOINT APPENDIX

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8/29/74

CIVIL DOCKET
UNITED STATES DISTRICT COURT

Jury demand date:

74 CIV. 2488
JUDGE TENNEY

J. C. Form No. 106 Rev.

TITLE OF CASE	ATTORNEYS
ROISON CORPORATION VS. LIQUIFIN AKTIENGESELLSCHAFT LIQUIGAS, S.p.A. LIQUIPORTEX AKTIENGESELLSCHAFT AKTIENGESELLSCHAFT THE FIRST NATIONAL BANK OF WASHINGTON RAFFAELE UPSINI PHILIP MARFUGGI DANIEL A. PORCO and MICHELE SINDONA	For plaintiff: Shea, Gould, Climenko & Kramer 330 Madison Ave. NYC10017 661-3200 661-3 For defendant: Satterlee & Stephens 277 Park Ave. NYC10017 826-3200

STATISTICAL RECORD	COSTS		DATE	NAME OR RECEIPT NO.	REC.	DISB.
J.S. 5 mailed X	Clerk		8/5/74	Shea Gould	11	
			8/5/74	Satterlee		15
J.S. 6 mailed	Marshal					
Basis of Action: Breach of Fiduciary duty/violations of securities laws 1934, 15 USC, Sec. 78aa.	Docket fee					
	Witness fees					
Action arose at:	Depositions					

RONSON CORPORATION VS. LIQUIFIN AKTIENGESELLSCHAFT et al

JUDGE TEN
74 CIV. 248

DATE	PROCEEDINGS	Da Jud
Jun 7-74	Filed complaint and issued summons.	
Jun 7-74	Filed Order appointing persons to serve process by Pettit,Friebarg&Silverstein,Clk	
Jun 10-74	Filed Order to Show Cause for Preliminary Injunction&Temporary Restraining Order why an order should not be entered enjoining defts and their employees,etc.from voting in person,etc.ret6/12 TENNEY,J.	
Jun 19-74	Filed Defts Liquifin,Liquigas,Liguimportex and Marfuggi's Order to Show Cause dismissing complaint,transferring action to USDC New Jersey,etc.ret. 6/12/74.TENNEY,J.	
Jun 10-74	Filed Affdvt of Michael Lesch for Pltff.	
Jun 11-74	Filed Affdvt by H.Silverstein for Pltff.	
Jul.2-74	Filed affidavit of service by Daniel Lime.	
Jul.2/74	Filed reply of pltff. and counterclaim defts (Ronson,L. Arcuson, J. Blumberg,G. MacKay,M. Siegler,M.Cole, J. Walde , A. Cranet R. Wright & Georgeson & Co.)to the complaint.	
Jul.5/74	Filed affdvt of pltff. by Mark J. Freiber of service of summons & complaint upon First National Bank of Wash., on7/2/74.	
[illegible]-74	Filed transcript of record of proceedings, dated 6-12-74	
July 12-74	Filed pltff's affdvt of Mark J. Freisberg.	
July 15-74	Filed affdvt of service of Richard Kummer 6-14-74	
Jul 22-74	Filed Deft.First National Bank of Washington Affdvt&Notice of Motion for an order to dismiss action,etc.ret.8/6/74	
Jul 22-74	Filed Memorandum of Law in support of Motion to dismiss.	
Jul 22-74	Filed Deft.First National Bank of Washington Memorandum of Law in support of Motion to Dismiss .	
Jul 29-74	Filed Pltff 's Memorandum in opposition to motion of deft.to compel issuance of a new inspectors'report.	
Jul 30-74	Filed Deft.Liquifin Reply Memorandum of motion to compel issuance of corrected inspector's final report and certificate as to results of election.	
Aug.1-74	Filed Pltff's Affdvt by Milton S.Gould in opposition to motion of Deft.Liquifin Aktiengesellschaft,etc.	
Aug.2-74	Filed Stip&Order of Adjournment that Deft.Daniel A.Porco to answer complaint to 8/19/74.Tenney,J.	
Aug.13-74	Filed transcript of record of proceedings, dated 6-12-74	
Aug.21-74	Filed MEMORANDUM OPINION#11102. Since there has been no evidence of fraud,bad faith or overreaching ,and since there has been no showing of actual prejudice if Liquifin,should not be permitted to express its true intentions before Final Report and Certificate of the Inspectors are published. Accordingly,Liquifin 's motion is granted.So Ordered.Tenney,J.(mn)	
Aug.1-74	Filed Answering Affdvt of Milton S.Gould for Pltff.	
Aug.22-74	Filed Deft. Liquifin A.G. Affdvt in support of Liquifin's motion to compel issuance of corrected inspectors'final report&Certificate as to results of election.	
Aug.22-74	Filed Deft.Liquifin Memorandum in support of Liquifin's motion to compel issuance of corrected inspector's final report&certificate as to results of election.	
Aug.22-74	Filed Pltff's Answering affdvt of Laurence Bloom.	
Aug.22-74	Filed Transcript of Record of Proceedings dated 7/9/74	
Aug.23-74	Filed Order that prior opinion of Court in case filed 8/21/74 be amended by substituting attached new page 1 for previous page.Tenney,J. (mn)	
Aug.29-74	FILED PLTFF'S NOTICE OF APPEAL from order of 8/21/74 which granted motion of Liquifin Aktiengesellschaft for an order enjoining Ronson Corp.Inspectors of Election,Messrs.John P.Mead&Laurence Bloom from publishing as final report of results of Ronson Corp	

RONSON CORPORATION VS. LIQUIFIN AKTIENGESELLSCHAFT ET AL

JUDGE TENNEY

D. C. 110 Rev. Civil Docket Continuation

DATE	PROCEEDINGS	Date Or Judgment
Aug. 29 74	(dont'd) annual stockholders'meeting;inspectors'Report datdd 7/31/74 & (b)compelling Ronson Corp & Inspectors of Election to issue final report reflecting Liquifin A.G's instructions made on 7/5/74 that shares of its nominee,Finbow&Co.be so voted as to insure the election of Oreste Marfuggi&Donald J.Zoeller rather than James C.Malone and John R.Markley to Ronson Corporation's Board of Directors.(mailed copy to Mudge,Rose,Guthrie&Alexander on 8/30/74.)	

A TRUE COPY
RAYMOND F. BURGHARDT, Clerk
By [signature]
Deputy Clerk

(C.)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

RONSON CORPORATION,	:	
Plaintiff,	:	
-against-	:	
LIQUIFIN AKTIENGESELLSCHAFT, LIQUIGAS, S.p.A., LIQUIMPORTEX AKTIENGESELLSCHAFT, THE FIRST NATIONAL BANK OF WASHINGTON, RAFFAELE URSINI, PHILIP MARFUGGI, DANIEL A. PORCO and MICHELE SINDONA,	:	COMPLAINT
Defendants.	:	

Plaintiff Ronson Corporation ("Ronson") by its attorneys, for its complaint herein, alleges:

ALLEGATIONS APPLICABLE TO ALL COUNTS

1. Jurisdiction of this Court is based on 28 U.S.C. § 1332, § 27 of the Securities Exchange Act of 1934, 15 U.S.C. § 78aa, and principles of pendent jurisdiction.

2. The matter in controversy exceeds $10,000, exclusive of interest and costs.

3. The claims herein arose in the Southern District of New York and many of the material acts complained of herein, including the purchases and arrangements to make purchases of Ronson shares in an attempt to obtain control of Ronson, the preparation of the voting trust agreement hereinafter described, and the distribution and circulation of false and misleading information, occurred within the Southern District of New York.

4. Plaintiff Ronson is a corporation duly organized and existing under the laws of the State of New Jersey, with its principal place of business located at One Ronson Road, Woodbridge, New Jersey. At all times relevant herein, Ronson has had in excess of 4,000,000 shares of common stock outstanding, which are and have been listed on the New York Stock Exchange and PBW Stock Exchange and are registered pursuant to Section 12 of the Securities Exchange Act of 1934.

5. Upon information and belief, based, inter alia, upon assertions made in the Schedule 14B Statement dated May 20, 1974 filed by defendants Liquifin Aktiengesellschaft ("Liquifin"), Liquigas, S.p.A. ("Liquigas") and Liquimportex Aktiengesellschaft ("Liquimportex") with the Securities and Exchange Commission, defendant Liquifin is a foreign corporation, organized and existing under the laws of Liechtenstein, has as its principal business address P.O. Box 34771, Vaduz, Liechtenstein, has no material business of its own, and was formed primarily for the purpose of shielding defendant Liquigas from legal liability, including, but not limited to, liability for the wrongful acts hereinafter described.

6. Upon information and belief, based, inter alia, upon assertions made in the aforesaid Schedule 14B Statement, defendant Liquigas is a foreign corporation, organized and existing under the laws of Italy, and has as its principal business address Via Roncaglia, 12, 20146 Milan, Italy.

7. Upon information and belief, based, inter alia, upon assertions made in the aforesaid Schedule 14B Statement, defendant Liquimportex is a foreign corporation, organized and

existing under the laws of Liechtenstein, has as its principal business address P.O. Box 34771, Vaduz, Liechtenstein. Defendant Liquimportex has participated and continues to participate with, aid, abet, conspire with and advise defendants in their attempt to gain control of Ronson regardless of defendants' fiduciary obligations to Ronson and its shareholders.

8. Upon information and belief, based, inter alia, upon assertions made in the aforesaid Schedule 14B Statement, defendant The First National Bank of Washington is a national banking association, with its principal place of business located at 1701 Pennsylvania Avenue, N.W., Washington, D.C. 20006.

9. Upon information and belief, defendant Raffaele Ursini ("Ursini") is a citizen and resident of Italy. The aforesaid Schedule 14B Statement identifies him as the managing director and chief executive officer of defendants Liquifin, Liquigas and Liquimportex, the beneficial owner of approximately 90,000,000 shares (approximately 36% of the outstanding shares) of ordinary (fully voting) stock of Liquigas, and the person in control of Liquifin, Liquigas and Liquimportex.

10. Upon information and belief, defendant Philip Marfuggi ("Marfuggi") is a resident of Italy, is President and director of defendant Liquigas and is a director of defendant Liquifin.

11. Upon information and belief, defendant Daniel A. Porco ("Porco") is a citizen and resident of the State of Pennsylvania; is a close associate of defendant Michele Sindona ("Sindona"); has the power of attorney to sign and has signed documents on behalf of defendants Liquigas and Liquifin; and

has participated and continues to participate with, aid, abet, conspire with and advise the other defendants in their attempt to gain control of Ronson, in violation of defendants' fiduciary obligations to Ronson and its shareholders.

12. Upon information and belief, defendant Sindona is a citizen of Italy and resident of Switzerland. Defendant Sindona has participated and continues to participate with, aid, abet, conspire with and advise the other defendants in their attempt to gain control of Ronson, in violation of defendants' fiduciary obligations to Ronson and its shareholders.

COUNT I

ASSERTED BY RONSON AGAINST ALL DEFENDANTS FOR BREACH OF FIDUCIARY DUTY AND WASTE OF CORPORATE ASSETS

13. On May 31, 1973, there was announced on the Dow-Jones broad tape, and on June 4, 1973 there was published in the Wall Street Journal, a tender offer by Liquifin dated May 31, 1973 to purchase 2,200,000 shares of common stock of Ronson at $8.50 per share, such number of shares constituting 51.9% of the total number of shares outstanding on April 16, 1973, and to acquire control of Ronson.

14. On June 5, 1973, Ronson filed a verified complaint in the United States District Court for the District of New Jersey (herein the "New Jersey Federal Court"), seeking preliminary and permanent injunctive relief and damages. The complaint alleged, inter alia, violations of Section 14(e) of the Securities Exchange Act of 1934, 15 U.S.C. § 78n(e), in that Liquifin's tender offer failed to disclose material facts as to Liquifin and Liquigas, and that acquisition by Liquifin of

the common stock sought by the tender offer would result in national security problems for certain Ronson subsidiaries and in violations of the Federal Aviation Act and the Federal Communications Act.

15. On July 5, 1973, the New Jersey Federal Court entered an order enjoining defendants pendente lite from soliciting the tender of any shares from Ronson, acquiring or attempting to acquire in any manner the shares of Ronson or voting any shares of Ronson previously acquired, or in any way influencing the management of Ronson. On July 24, 1973, the United States Court of Appeals for the Third Circuit affirmed the order of the New Jersey Federal Court and remanded the case to that Court for further proceedings.

16. After several earlier amendments, Liquifin proposed a restated tender offer dated September 11, 1973 which purported to correct earlier misstatements and material omissions which admitted that defendants were planning substantial changes in the business of Ronson and its subsidiaries. Such changes would be detrimental to Ronson and its shareholders and are designed solely to benefit defendants.

17. On December 18, 1973, Ronson announced a 4% stock dividend. As a result, defendants adjusted their offering price to $8.18 and increased the amount of shares sought to 2,288,000, such number representing 51.9% of theshares outstanding after the stock dividend.

18. After a hearing on the permanent injunction held on January 2 and 3, 1974, the New Jersey Federal Court rendered its decision on January 11, 1974, vacating the preliminary injunction and denying a permanent injunction. The New Jersey Federal Court held that the issue it was determining was whether

the restated tender offer failed to disclose adequately or materially misrepresented the persons behind and the methods used to fund the offer, the effect of foreign laws on the offer, and the administrative obstacles under federal law to the offer.

19. On January 21, 1974, Liquifin published a restated offer to purchase dated January 17, 1974 in the New York Times and Wall Street Journal, and thereafter proceeded with consummation of the tender offer.

20. On April 19, 1974, the United States Court of Appeals for the Third Circuit affirmed the New Jersey Federal Court's denial of a permanent injunction.

21. Upon information and belief, based, inter alia, upon the aforesaid Schedule 14B Statement, by May 10, 1974, the date upon which defendant Liquifin's tender offer purportedly terminated, Liquifin had purchased 1,602,776 shares (or approximately 36.3% of the outstanding shares) of common stock of Ronson, thereby becoming Ronson's largest shareholder.

22. On or about May 20, 1974, May 27, 1974 and May 30, 1974, pursuant to their attempt to gain control of Ronson, and for the purpose of soliciting proxies for their candidates for nine directorships of Ronson, defendants Liquifin, Liquigas and Liquimportex filed the aforesaid Schedule 14B Statement dated May 20, 1974 with the Securities and Exchange Commission and defendants Ursini and Marfuggi filed Schedule 14B Statements dated May 9, 1974 with the Securities and Exchange Commission and amendments thereto for the purpose, inter alia, of acquiring control of Ronson, and, in the case of defendant Marfuggi, becoming a candidate for a directorship of Ronson and, upon information and belief, caused eight other indivi-

duals to file Schedule 14B Statements with the Securities and Exchange Commission for the purpose of becoming candidates for directorships of Ronson. On or about May 20, 1974, defendant The First National Bank of Washington (the "Bank") also filed a Schedule 14B Statement for the purpose of enabling defendants to attempt to gain control of Ronson and solicit proxies for their candidates for the nine directorships of Ronson.

23. On or about June 3, 1974, pursuant to their attempt to gain control of Ronson and for the purpose of soliciting proxies for their candidates for nine directorships of Ronson, defendant Liquifin caused to be distributed to shareholders of Ronson and others a proxy statement dated June 1, 1974, accompanied by a letter to shareholders and a proxy card to vote for defendant Liquifin's slate of directors.

24. Ronson has a nine-man Board of Directors with two vacancies. The seven present members are management candidates for re-election on June 13, 1974, the date set for Ronson's annual meeting of shareholders. The remaining two directorships of Ronson will not be voted for by management and will therefore be elected by other shareholders, presumably Liquifin. If defendants are successful in soliciting proxies or purchasing additional shares with proxies, they will be in a position to elect the entire nine-man Board of Directors of Ronson at the aforesaid annual meeting of shareholders.

25. Defendants owe a fiduciary duty to Ronson to act in the best interests of Ronson and its shareholders and to refrain from wasting Ronson's assets. Defendants and others known and unknown to plaintiff, singly and in concert, aiding and abetting each other, conspired and continue to conspire to violate their fiduciary duty and to serve their own interests, particu-

larly the interests of defendant Liquifin, by attempting to gain control over Ronson, thereby causing great harm and injury to Ronson and its shareholders and causing waste and unlawful disposition of the assets of Ronson as hereinafter set forth.

26. Defendant Liquifin admits in its Schedule 14B Statement and amendments thereto that it has purchased approximately 36% of the stock of Ronson and intends to elect nine directors to the Board of Directors of Ronson at the aforesaid annual meeting of shareholders. Defendants would thereby gain control of Ronson despite the fact that Liquifin is a foreign national and thereby ineligible to have such stock ownership and control if Ronson is to conduct and control its valuable defense and helicopter businesses. In an attempt to circumvent the ineligibility resulting from their foreign nationality, defendants have taken and have planned and threaten to take further actions which will expose Ronson to serious injury, which are without any potential corporate benefit and which are designed solely to benefit defendants.

Effects of Defendants' Actions and Plans on Ronson's Defense Business

27. Ronson owns all of the stock of Ronson Hydraulic Units Corporation, Duarte, California, and Ronson Hydraulic Units (N.C.) Corporation, Charlotte, North Carolina (hereinafter collectively "the U.S. Defense Contracting Subsidiaries"). The U.S. Defense Contracting Subsidiaries provide a substantial portion of Ronson's profits from operations in the United States and its possessions, and over 16% of Ronson's domestic assets.

In fiscal 1973, approximately 81.4% of the business of Ronson Hydraulic Units (N.C.) Corporation and approximately 39.2% of the business of Ronson Hydraulic Units Corporation involved Department of Defense contracts on a direct or subcontractor basis. The remainder of the business of the U.S. Defense Contracting Subsidiaries is primarily with United States commercial airframe and jet engine companies, including Boeing, Lockheed, McDonnell Douglas Corporation, Bell, Northrup, Sikorsky, etc. which, in turn, do a substantial amount of business with the Department of Defense. In 1973, the U.S. Defense Contracting Subsidiaries provided approximately $13,086,000, or 32% of Ronson's United States net sales and approximately 11% of Ronson's net consolidated foreign and domestic sales, and approximately 24% of Ronson's pre-tax earnings.

28. The U.S. Defense Contracting Subsidiaries have "SECRET" facility security clearances from the United States Department of Defense. Department of Defense regulations (DoD Directive 5220.22 and Industrial Security Manual, Section III, paragraph 21) require facility security clearances for each operating entity which has custody of classified information.

29. Department of Defense regulations (Industrial Security Manual, Section VIII, paragraph 72) further provide that a subsidiary of a parent company which is "foreign owned, controlled or influenced" is ineligible for a Facility Security Clearance.

30. The U.S. Defense Contracting Subsidiaries are directed, controlled and financed by Ronson, and the growth and success of these businesses is in large part attributable thereto. Such control of the U.S. Defense Contracting Subsidiaries is of great value to Ronson and its shareholders.

31. Liquifin's purchase of 36% of the stock of Ronson and election of a majority of the directors of the Board of Directors of Ronson may result in loss of defense security clearances essential to the operation of the U.S. Defense Contracting Subsidiaires and has already caused substantial injury to Ronson and the U.S. Defense Contracting Subsidiaries.

32. In an attempt to overcome defendants' ineligibility to control the U.S. Defense Contracting Subsidiaires, defendants have announced in their Schedule 14B Statement that they have created a voting trust for their shares of Ronson common stock and plan to impose major changes upon the U.S. Defense Contracting Subsidiaries (e.g., management changes, elimination of intercompany debt and establishment of new lines of credit). The purpose and effect of the voting trust and these changes is to oust Ronson from control of the U.S. Defense Contracting Subsidiaries. However, such voting trust and major changes may not succeed in maintaining the required Department of Defense facility security clearances, in which event, as the defendants admit in their Schedule 14B Statement, the defense business would have to be terminated and related business would be severely injured, or the U.S. Defense Contracting Subsidiaries would have to be sold. Thus, defendants will injure Ronson

solely for the benefit of defendants, without regard for the interests of Ronson and its shareholders, in violation of defendants' fiduciary obligations.

Effect of Defendants' Actions and Plans on Ronson's Helicopter Business

33. Ronson Helicopters, Inc. ("Ronson Helicopters"), a wholly-owned subsidiary of Ronson, provides charter, maintenance and parts sales, ground school, flight training, air taxi service, forest fire fighters and traffic surveys. These services are of value and importance to the public that uses them; they engender substantial goodwill for Ronson, and have a favorable impact on Ronson's other operations. Ronson Helicopters showed a pre-tax profit of approximately $29,000 in 1973 and forecasts increases in sales and earnings in 1974.

34. Ronson Helicopters performs a wide range of aviation services, is registered with the Civil Aeronautics Board ("CAB") and is an "air carrier" as defined in Section 101(3) of the Federal Aviation Act, 49 U.S.C. § 1301(3) because of its air taxi and charter services. It also holds an operating certificate issued by the Federal Aviation Administration ("FAA") under Part 135 of the FAA Regulations. Ronson Helicopters owns and operates helicopters and fixed wing airplanes which are "aircraft" as defined in Section 101(5) of the Federal Aviation Act, 49 U.S.C. § 1301(5). Ronson Helicopters holds certificates of registration for such aircraft issued by the FAA pursuant to Section 501 of the Federal Aviation Act, 49 U.S.C. § 1401.

35. The Federal Aviation Act prohibits ownership or control of an air carrier by a foreign corporation (§101(13), 49 U.S.C. § 1301(13)). It also prohibits the registration of aircraft by foreign nationals (§ 501(b) 49 U.S.C. § 1401(b)). In an attempt to circumvent such provisions, defendant Liquifin entered into a Voting Trust Agreement with defendant Bank. If defendants are successful in obtaining control of Ronson, such Voting Trust Agreement will, by its terms, take from Ronson and place in the hands of defendant Bank the valuable right of management and direction of Ronson Helicopters. Defendants Liquigas, Liquifin and the Bank have applied to the CAB for approval of the acquisition of Ronson Helicopters pursuant to the Voting Trust Agreement. If the proposed acquisition is disapproved by the CAB at a time when defendants have control of Ronson, forced divestiture by Ronson of Ronson Helicopters would be required. Even if the CAB does approve the acquisition of Ronson Helicopters by defendants, it is likely to be upon the condition that forced divestiture will take place after a specified period of time. Such ousting of Ronson control over Ronson Helicopters and forced divestiture would be harmful to Ronson and its shareholders and has been planned by defendants solely for their own benefit and without regard for the interests of Ronson and its shareholders, in violation of defendants' fiduciary obligations.

Effects of Defendants' Actions and Plans on Ronson's Radio Transmission Licenses

36. Ronson holds, owns and operates radio stations which are subject to regulation by the Federal Communications Commission ("FCC") in the Aviation Service. The station in the

Aviation Service is licensed to, and used by, Ronson Helicopters in its helicopter operations. The helicopters could not operate if that radio station license ceased to be in good standing under the FCC Rules and Regulations.

37. Section 310(b) of the Communications Act (47 U.S.C. § 310(b)) provides that no radio station license shall be transferred, assigned or disposed of in any manner directly or indirectly, by transfer of control of any corporation holding such license except upon approval of the FCC. The attempted acquisition by Liquifin of the radio station licenses owned by Ronson, by means of the acquisition of Ronson stock, is unlawful since no prior approval by the FCC has been obtained pursuant to the provisions of Section 310(b) and increases the likelihood that the FCC will withhold approval of other actions planned by defendants and described below.

38. Section 310(a) of the Communications Act prohibits the licensing of radio stations to any corporation directly or indirectly controlled by any other corporation of which more than one-fourth of the capital stock is owned or voted by aliens, their representatives or by a foreign government or a representative thereof or by any corporation organized under the laws of any foreign country. In view of these provisions, there are serious questions as to whether FCC approval for continuation of the licenses can be obtained.

39. Under the Communications Act, FCC approval is required for the following actions which defendants intend to take: (1) further transfers of control from the trustee to Liquifin

by reason of transfer of the Ronson common stock from the trustee to Liquifin; (2) transfers of the licenses held by Ronson to a subsidiary whose officers and directors are citizens of the United States; and (3) obtain a new license for Ronson Helicopters. Defendant Liquifin has admitted in said Schedule 14B Statement that no assurances can be given that the required FCC approvals will be obtained; that if they are not, the licenses would have to be surrendered; and that, in the case of the radios that are utilized for the air carrier operations of Ronson Helicopters, loss of these licenses would require cessation of aircraft operations and might require sale of Ronson Helicopters. Such actions would be harmful to Ronson and its shareholders and has been planned by defendants solely for their own benefit and without regard for the interests of Ronson and its shareholders, in violation of defendants' fiduciary obligations.

Effect of Defendants' Actions and Plans on Ronson's $22,000,000 Indebtedness to The Prudential Insurance Company of America and Short Term Bank Lines

40. Moreover, the proposed sale of Ronson's U.S. Defense Contracting Subsidiaries and Ronson Helicopters if made without the consent of the Prudential Insurance Company of America ("Prudential") would constitute an event of default under the provisions of the notes in the outstanding principal amount of $22,000,000. Defendants threaten to make such sales regardless of whether they have obtained such consent; if such sale is made without the consent of Prudential, it will have the right to declare the entire principal amount of $22,000,000 immediately due and payable. Such declaration would cause Ronson substantial

injury because, among other reasons, it would be impossible to re-finance this debt at the present rate of 6-1/4% interest per annum.

41. The business of Ronson also requires substantial short-term bank lines of credit in connection with sales of its consumer product lines and, to a lesser extent, sales of its U.S. Defense Contracting Subsidiaries. Ronson has negotiated agreements with three United States banking institutions for such lines of credit in the aggregate amount of $9,000,000. Two of those banking institutions making available lines of credit aggregating $5,500,000 have indicated that continuance of the lines is conditional upon management and control of Ronson continuing satisfactory to them. Such a condition, which was not solicited by Ronson but was insisted upon for the first time this year by the banks, raises substantial questions as to whether the defendants, if successful in obtaining control of Ronson, would be able to provide for Ronson lines of credit to meet the requirements of Ronson's consumer product business and the U.S. Defense Contracting Subsidiaries' business. Loss of such lines of credit would result in serious injury to Ronson.

42. Defendants, in the litigation referred to in paragraph 14 above and thereafter, brought in the New Jersey Federal Court, were enjoined from their tender offer until their offering statement was re-stated many times purportedly correcting previous material misstatements and omissions. After the final re-stated tender offer referred to in paragraphs 18 and 19 above, the New Jersey Federal Court removed the injunction, stating, in

its opinion, that all that remained in the case was damages. Defendants, in the aforesaid Schedule 14B Statement of Liquifin, state that, should Liquifin's candidates be elected to the Board of Directors of Ronson, that they intend to discontinue such litigation. Such discontinuance would deny Ronson substantial damages caused by defendants' violations of the securities laws in connection with their tender offer and will waste the assets of Ronson.

43. Defendants' actions to oust Ronson from control over and/or to injure or sell Ronson's valuable U.S. Defense Contracting Subsidiaries and/or Ronson Helicopters and to take actions which expose Ronson to the loss of its radio transmission licenses, the loss of its lines of credit and default and acceleration of its $22,000,000 principal amount of debt to Prudential constitute violations of defendants' fiduciary obligations to Ronson and its shareholders and have injured and wasted and will injure and waste the assets of Ronson.

44. Plaintiff has no adequate remedy at law and, unless injunctive relief is granted, will suffer irreparable injury.

COUNT II

ASSERTED BY RONSON AGAINST ALL DEFENDANTS. (Violations of Sections 14(a) and 20(a) and Rules 14a-9 and 14a-11)

45. Plaintiff repeats the allegations contained in paragraphs "13" through "43" above.

46. This count is brought to enjoin and recover for violations by defendants of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 and Rules 14a-9 and 14a-11 promulgated thereunder.

47. At some time, presently unknown to plaintiff, defendants, singly and in concert, aiding and abetting each other conspired to violate Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 and Rules 14a-9 and 14a-11 promulgated thereunder by making false and misleading statements and by omitting to disclose facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, with the intention of inducing Ronson shareholders to vote for Liquifin's candidates for nine directorships of Ronson.

48. Upon information and belief, the aforesaid proxy statement, letter to shareholders and Schedule 14B Statements described in paragraphs 22 and 23 above are false and misleading in at least the following respects:

(a) The aforesaid letter to shareholders was four pages, marked "important," printed in large blue type, and was intended to be read by the shareholders of Ronson, while the aforesaid proxy statement was fifteen pages, printed in black type, smaller than the aforesaid letter to shareholders or Ronson's own proxy statement and was intended to be difficult to read or unintelligible to the shareholders. The aforesaid letter to shareholders falsely states that "Our [Liquifin's] interest is the same as all shareholders—to see our investment increase in market value" and omits to state that Liquifin's interest differs significantly from other shareholders in that, among other things, (i) Liquifin is seeking to acquire control of

Ronson, (ii) Liquifin proposes to oust Ronson from control of substantial portions of its business to facilitate Liquifin's acquisition of control of Ronson, (iii) Liquifin is a foreign national and thereby its acquisition of control will cause substantial injury to Ronson and its shareholders; and (iv) Liquifin, if it obtains control of Ronson, proposes to dismiss litigation between it and Ronson, referred to in "(i)" below, which dismissal would benefit defendant Liquifin to the detriment of Ronson and other shareholders of Ronson.

(b) The aforesaid letter to shareholders falsely states that the Liquifin nominees are "independent" and omits to state (i) that the only shares held by Liquifin's nominees are 100 shares each purchased from Liquifin at its suggestion and request; (ii) that Liquifin chose and nominated these candidates and is contributing $315,000 to their campaign; and (iii) that Liquifin and Liquigas are Italian corporations whose controlling person is alleged by defendants to be Raffaele Ursini, an Italian national and claimed resident of Switzerland who is not a nominee for director of Ronson.

(c) The aforesaid letter to shareholders states that the "net earnings from operations in your company were consistently lower in each of the past five years (1969-1973) than they were in every one of the preceding five years (1964-1968)." Said statement is misleading and intended to give a false impression by comparing current and relevant years with older years while omitting to state that net earnings from operations and earnings per share of Ronson increased in each of the cu ent five years, 1969 through 1973.

(d) The aforesaid letter to shareholders states that "On May 31, 1974, the stock closed at 6-3/8 on the New York

Stock Exchange. In our opinion, the present depressed price of Ronson stock could in part at least reflect a lack of confidence by the investing public in the ability and performance of the Aronson-headed management." Said statement is false and misleading and without basis and omits to state that sales increased in each year commencing with 1970, with a record high of $115,298,000 in 1973, that net earnings from operations and earnings per share from operations increased in each of the past five years as stated above; that net income from operations as a percentage of sales increased each year in 1969 through 1973; that the shareholders' equity per share increased each year in 1970 through 1973, reaching $9.45 per share in 1973; that cash dividend payouts, which have been uninterrupted for more than 40 years, increased each year in 1971 through 1973; that Liquifin's own stock listed on the Milan Stock Exchange dropped from a high of 525 lire to 325 lire during the same period; and that the depressed price of Ronson stock more likely reflected the general depressed price of the stock market in general.

(e) The aforesaid letter to shareholders and proxy statement fail to disclose that the aforesaid trust to defendant Bank provides that until receipt of CAB approval of transfer of control of Ronson Helicopters to the defendant Bank, Liquifin and the defendant Bank will not exercise any right of power of control over Ronson's subsidiaries, the U.S. Defense Contracting Subsidiaries, and fail to disclose the fact, also omitted from the aforesaid Schedule 14B Statement, that such non-exercise of control would be injurious to the U.S. Defense Contracting Sub-

sidiaries, wasteful of Ronson's assets and in violation of the fiduciary obligation of defendants.

(f) The aforesaid proxy statement falsely states that Liquifin has not yet determined whether it will seek reimbursement from Ronson for its costs and expenses in connection with the solicitation of proxies, when, in fact, Liquifin intends to obtain such reimbursement if it is able to do so.

(g) The aforesaid letter to shareholders and proxy statement fail to disclose that the defendants had not followed the customary practice of "clearing" proxy material with the staff of the Securities and Exchange Commission but followed an almost unused practice of "mailing at their peril" without such clearance and that many of the statements made in the aforesaid letter to shareholders and proxy statement might not have been "cleared" by the Securities and Exchange Commission staff and that defendant Liquifin might, as a result, make statements therein that plaintiff Ronson by its strict adherence to such clearance procedures might be unable to make, including, but not limited to, the false statements and misleading omissions of defendant Liquifin referred to herein.

(h) They fail to disclose that an official order of investigation of defendants had been filed by the Securities and Exchange Commission to investigate possible violations of the securities laws by defendants in connection with their attempt to take over control of Ronson and that such investigation is being actively pursued by the Commission staff.

(i) The aforesaid letter to shareholders and proxy statement fail to disclose that the defendants plan to discontinue the lawsuit pending in the New Jersey Federal Court and fail to disclose that such lawsuit has in it as the only remaining question the relief which Ronson should obtain from defendants for their violations of the Federal Securities Law and that such damages are substantial and that discontinuance would be detrimental to Ronson and its shareholders.

(j) The aforesaid letter to shareholders fails to disclose the injury to Ronson the defendants will cause by the Voting Trust Agreement, the changes planned by defendants in the management and financial arrangements of the U.S. Defense Contracting Subsidiaries, the possible termination of the defense contracting business of Ronson or the forced sale of the U. S. Defense Contracting Subsidiaries or the event of default under the Prudential loan agreement, as more fully described in paragraphs "27" through "32" and "40" and "41" hereinabove and said letter and the proxy statement and Schedule 14B Statement fail to disclose that defendants have no business reasons for the benefit of Ronson but instead that the sole purpose is to facilitate their acquisition of control of Ronson even though such control will waste Ronson's assets and violate defendants' fiduciary duties.

(k) The aforesaid letter to shareholders fails to disclose the injury to Ronson that the defendants will cause by the Voting Trust Agreement, the changes planned by defendants in the management and financial arrangements of Ronson Heli-

copters, the possible termination of certificates to do business or forced sale of Ronson Helicopters, as more fully described in paragraphs 33 through 35 and 40 and 41 hereinabove, and said letter and the proxy statement and Schedule 14B Statement fail to disclose that defendants have no business reasons for the benefit of Ronson, but the sole purpose is to facilitate their acquisition of control of Ronson even though such control will waste Ronson's assets and violate defendants' fiduciary duties.

(l) The aforesaid letter to shareholders fails to disclose that there is no business reason of Ronson for the termination of Ronson's radio transmission activities and the resulting cessation of Ronson's aircraft operations and the sale of Ronson Helicopters, all of which are being planned by defendants, as is more fully described in paragraphs 36 to 41 hereinabove, and the aforesaid letter to shareholders, the proxy statement and the Schedule 14B Statement fail to disclose that defendants' sole purpose in planning such actions is to facilitate their acquisition of control over Ronson even though such control will waste Ronson's assets and violate defendants' fiduciary duties.

(m) They fail to disclose that defendants Porco and Sindona and others unknown to plaintiff have participated in and continue to participate with, aid, abet, conspire with and advise defendants in their attempt to gain control of Ronson, in violation of defendants' fiduciary obligations to Ronson and its shareholders and fail to disclose material information with respect to the business activities and relationships of defendants Porco and Sindona to the defendants.

49. Plaintiff has no adequate remedy at law and, un-

less injunctive relief is granted, will suffer irreparable injury.

COUNT III

ASSERTED BY RONSON AGAINST ALL DEFENDANTS. (Violations of Sections 10(b), 13(d), 14(d), 14(e) and 20(a) and Rules 10b-5 and 10b-13

50. Plaintiff repeats the allegations contained in paragraphs 13 through 43 above.

51. This count is brought to enjoin and recover for violations by defendants of Sections 10(b), 13(d), 14(d), 14(e) and 20(a) of the Securities Exchange Act of 1934, and Rules 10b-5 and 10b-13 promulgated thereunder.

52. The jurisdiction of the Court is invoked under Section 27 of the Securities Exchange Act of 1934, 15 U.S.C. § 78aa.

53. The acts and transactions hereinafter alleged took place in large part in the Southern District of New York.

54. On information and belief, defendants, in concert and conspiracy, as aiders and abettors of each other, and in the course of common participation in a scheme or plan, violated Sections 13(d) and 14(d)(1) for a substantial period of time up to and including May 31, 1973 and beyond, by means of the following acts:

(a) Defendants, having formed a plan to acquire up to 51.9% of the outstanding common stock of Ronson, embarked on an intensive program of purchases in the open market and otherwise of Ronson common stock, such purchases being in the names of persons (including persons of Italian and Swiss nation-

ality) who were nominees for defendants or persons with whom defendants had arranged to "park" or "warehouse" the Ronson common stock being purchased;

(b) Defendants caused such purchases to be made knowing that the formal tender offer above described would be published on or about May 31, 1973, and caused such purchases to be made in the names of others because they had a deliberate intent to conceal the true purpose of the purchases and the true identities of the purchasers;

(c) Such purchases constituted a "tender offer" within the meaning of Section 14 of the Securities Exchange Act of 1934, and should be deemed a part of the formal published tender offer above described, and integrated therewith, because of the facts that such purchases were

(i) undertaken with knowledge that a more formal tender offer would thereafter be published;

(ii) undertaken for the same purpose as the formal tender offer ultimately published;

(iii) aimed at obtaining quantities of the same equity securities in return for the same type of consideration (cash) as the subsequent formal tender offer; and

(iv) quite proximate in time to the subsequent formal tender offer in that they began

a number of months before the publication of the formal tender offer and continued through the publication thereof, intensifying significantly in the approximately 90 days preceding such publication;

(d) At the time such purchases commenced it was contemplated and defendants knew, that the purchases and the formal tender offer would result in ownership by defendants and/or defendant Liquifin of more than 5% of the Ronson common stock;

(e) At no time during the open market purchases herein alleged did the defendants file with the Securities and Exchange Commission or disclose to stockholders of Ronson information as to

(i) the identity and background of the offerors;

(ii) the source and amount of funds used to pay for the securities purchased;

(iii) the plans and proposals of the offerors to acquire control of Ronson and to make changes in its management and operations, including the changes with respect to the Helicopter and Hydraulic operations above described;

(iv) the number of shares owned beneficially by the offerors and the total number of shares proposed to be acquired; and

(v) the details of arrangements among the offerors and between the offerors and others, including the above alleged nominees and persons with whom the stock would be "parked" or "warehoused" concerning the Ronson common stock;

(f) The shares purchased in the open market as above described were substantial in January, February and March 1973, of which many were purchased in the last seven days of March, and of which in excess of 50,000 shares (an abnormally large number of shares for Ronson) were purchased on or about March 28, 1973; the purchases surged again at the end of April and in the middle of May 1973, less than two weeks prior to the date of the formal tender offer.

55. On information and belief, defendants, in the manner described above in paragraph "54", and by means of the open market purchases therein alleged, also violated Rule 10b-13 promulgated under the Securities Exchange Act of 1934, in that some of said purchases were made during the pendency of the formal tender offer but otherwise than pursuant to the formal tender offer, were made on different terms, and were made on the open market without the filing and disclosures required by law.

56. On information and belief, defendants, in the manner described above in paragraph "54", and in the course of causing the purchases therein alleged, also violated Sections 14(d)(5) and (7) in that

(a) the sellers of the Ronson common stock purchased in the open market were not given the option to withdraw their securities during the first seven days of the offer; and

(b) increases in the purchase price paid to some stockholders who sold Ronson common stock obtained in such purchases were not offered to all stockholders who sold.

57. On information and belief, defendants, in the manner described above in paragraph "54", and in the course of the purchases alleged therein, also violated Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder; defendants employed a fraudulent, deceptive and manipulative practice and device, a scheme and artifice to defraud, and omitted to state material facts necessary to make statements made not misleading in connection with the tender offer herein alleged (including both the open market purchases and the formal tender offer published on May 31, 1973), in that they failed to disclose in the course of the open market purchases the fact that a formal tender offer would be made and the price at which it would be made, failed at any time to disclose publicly the fact of the open market purchases and the circumstances thereof, and failed to disclose their identity and the information set forth above in paragraph 54.

58. As above alleged, the formal tender offer was permitted to proceed, the injunction against it having been lifted in January 1974, and it expired on May 10, 1974. Also, as

above alleged, defendants admit that they obtained only approximately 36.3% of Ronson common stock, instead of the 51.9% they were seeking.

59. Defendants admitted in the formal tender offer, as amended and restated as of January 17, 1974, that they might make purchases of Ronson common stock in the open market if they did not acquire under the formal tender offer the number of shares they desired, saying:

> "Depending on the number of shares of Common Stock of Ronson purchased pursuant to this Restated Offer, and other circumstances not presently predictable Liquigas and Offeror may, directly or indirectly, from time to time purchase additional shares of Common Stock of Ronson in the open market or otherwise."

Defendants have reiterated this admission, in substance, in Schedule 14B Statements filed with the Securities and Exchange Commission in May 1974.

60. On information and belief, subsequent to May 10, 1974, defendants have violated or intend to violate the statutes and rules above referred to in that they have been causing or intend to cause further purchases of Ronson common stock on the open market, which purchases constitute or will constitute a "tender offer" under Section 14 of the Securities Exchange Act of 1934, and which purchases should be deemed a part of the formal tender offer, and integrated therewith, because of their relationship thereto in terms of temporal proximity, type of security, type of consideration, purpose and object.

61. Such purchases have been or will be violative of the above statutes and rules for the same reasons as were the open market purchases alleged in paragraph 54.

62. By reason of the foregoing, plaintiff is threatened with irreparable injury, for which it has no adequate remedy at law.

WHEREFORE, plaintiff prays:

1. That defendants and each of them, their agents, servants, employees and all persons acting on their behalf or in concert with them, and any other person having actual knowledge of this decree, be preliminarily and permanently restrained and enjoined from (a) acquiring or attempting to acquire in any manner any share of Ronson stock in violation of Section 14(e) of the Securities Exchange Act of 1934; (b) voting any stock of Ronson held or acquired by defendants so as to acquire control of Ronson; (c) exercising or attempting to exercise, directly or indirectly, any influence upon the management of Ronson; (d) otherwise utilizing any stock previously so acquired as a means of controlling or affecting the management of Ronson.

2. That plaintiff have judgment for such damages and costs, including attorneys' fees, as it has sustained or shall sustain as a result of defendants' violation of their fiduciary obligations and the federal securities laws.

3. That defendants be preliminarily and permanently enjoined from causing Ronson (a) to lose ownership, management or control of its U.S. Defense Contracting Subsidiaries by transferring such control to a trust, and (b) to lose the "SECRET"

facility security clearance of Ronson's U.S. Defense Contracting Subsidiaries.

4. That defendants be preliminarily and permanently enjoined from acquiring any interest in or exercising any control over Ronson which would have the effect of (a) causing Ronson to lose ownership, management or control of Ronson Helicopters, (b) causing the loss of aircraft radio licenses held by Ronson or Ronson Helicopters and (c) causing Ronson to lose its $22,000,000 loan from Prudential or its short-term bank lines.

5. That defendants be preliminarily and permanently enjoined from voting any proxies from Ronson shareholders obtained as a result of the use of false or misleading statements in proxy soliciting material.

6. That plaintiff have such other and further relief as the Court shall deem necessary and proper, together with costs and disbursements herein.

SHEA GOULD CLIMENKO & KRAMER

By _____
A Member of the Firm
Attorneys for Plaintiff
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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

RONSON CORPORATION, Plaintiff,	:	74 Civ. 2488 (C.H.T.)
- against -	:	
LIQUIFIN AKTIENGESELLSCHAFT, LIQUIGAS S.p.A., LIQUIMPORTEX AKTIENGESELLSCHAFT, THE FIRST NATIONAL BANK OF WASHINGTON, RAFFAELE URSINI, PHILIP MARFUGGI, DANIEL A. PORCO, MICHELE SINDONA, LOUIS V. ARONSON II, JEROME J. BLUMBERG, GILBERT MacKAY, MORTON A. SIEGLER, MORRILL J. COLE, JUSTIN P. WALDER, A. LESTER GRANET, ROBERT B. WRIGHT, and GEORGESON & CO., Defendants.	:	ANSWER OF DEFENDANTS LIQUIFIN, LIQUIGAS, LIQUIMPORTEX, and MARFUGGI

Defendants Liquifin A.G., Liquigas S.p.A., Liquimportex A.G., and Philip Marfuggi (the "answering defendants"), by their attorneys, Mudge Rose Guthrie & Alexander, answering the complaint and interposing a counterclaim allege:

FIRST DEFENSE

1. Deny each and every allegation contained in paragraph 1 of the Complaint, except admit that the Complaint alleges that this Court's jurisdiction is based upon 28 U.S.C. § 1332, § 27 of the Securities Exchange Act of 1934, 15 U.S.C. § 78aa, and principles of pendent jurisdiction.

2. Deny each and every allegation contained in paragraph 2 of the Complaint, except admit that the Complaint alleges that the matter in controversy exceeds $10,000, exclusive of interest and costs.

3. Deny each and every allegation contained in paragraph 3 of the Complaint, except admit that certain arrangements in connection with Liquifin's tender offer for common stock of defendant Ronson Corporation ("Ronson"), and in connection with the solicitation by Liquifin and others of proxies to be voted at the 1974 Annual Meeting of Ronson, were made in New York City.

4. Admit, upon information and belief, the allegations contained in paragraph 4 of the Complaint.

5. Deny each and every allegation contained in paragraph 5 of the Complaint, except admit that Liquifin is a foreign corporation organized and existing under the laws of Liechtenstein and has its principal business address at P.O. Box 34771, Vaduz, Liechtenstein, and that Liquifin, Liquigas, and Liquimportex filed a Schedule 14B Statement, dated May 20, 1974, with the Securities and Exchange Commission ("SEC"), to which reference is made for the terms and provisions thereof.

6. Admit that Liquigas is a foreign corporation, organized and existing under the laws of Italy, and has its principal business address at Via Roncaglia 12, 20146 Milan, Italy.

7. Deny each and every allegation contained in paragraph 7 of the Complaint, except admit that Liquimportex is a corporation organized and existing under the laws of Liechtenstein and has its principal business address at P.O. Box 34771, Vaduz, Liechtenstein.

8. Admit, upon information and belief, that FNBW is a national banking association with its principal place of business at 1701 Pennsylvania Avenue, N.W., Washington, D.C. 20006.

9. Admit the allegations contained in paragraph 9 of the Complaint.

10. Deny each and every allegation contained in paragraph 10 of the Complaint, except admit that Philip Marfuggi is President and a director of Liquigas and is a director of Liquifin.

11. Deny each and every allegation contained in paragraph 11 of the Complaint, except admit that Daniel A. Porco is authorized by Liquifin and Liquigas to execute certain SEC filings on their behalf and, upon information and belief, that he is a citizen and resident of the State of Pennsylvania, and is a business associate of Michele Sindona.

12. Deny each and every allegation contained in paragraph 12 of the Complaint, except admit, upon information and belief, that Michele Sindona is a citizen of Italy and deny that they have knowledge or information sufficient to form a belief as to whether he is a resident of Switzerland.

13. Deny each and every allegation contained in paragraph 13 of the Complaint, except admit that on June 4, 1973, Liquifin published its tender offer for 2,200,000 shares of common stock of Ronson at $8.50 per share in the Wall Street Journal and that an announcement of the fact that Liquifin would make a tender offer was made on the Dow Jones broad tape

May 31, 1973, and reference is made to the Wall Street Journal of June 4, 1973, and the Dow Jones broad tape of May 31, 1973, for the terms and provisions thereof.

14. Admit that Ronson commenced an action against Liquifin, Liquigas, Raffaele Ursini, Philip Marfuggi, Michele Sindona, and others on June 5, 1973, in the United States District Court for the District of New Jersey, in which Ronson claimed that the tender offer made by Liquifin for 2,200,000 shares of Ronson common stock would breach a fiduciary duty owed by Liquifin to Ronson, that Liquifin's tender offer would violate the federal securities laws, that acquisition of control of Ronson by Liquifin would violate the Federal Aviation Act and the Federal Communications Act, and that a laundry list of other violations of law had occurred and were occurring, and refer to the documents on file in the United States District Court for the District of New Jersey for the contents thereof, and otherwise deny the allegations contained in paragraph 14 of the Complaint.

15. Admit the allegations contained in paragraph 15 of the Complaint, except refer to the proceedings on file in the United States District Court for the District of New Jersey and the United States Court of Appeals for the Third Circuit for the complete contents thereof.

16. Deny each and every allegation contained in paragraph 16 of the Complaint, except admit that Liquifin prepared a Restated Offer to Purchase, dated September 11, 1973, after some earlier proposals.

17. Admit the allegations contained in paragraph 17 of the Complaint, except that the allegation that 2,288,000 whares of Ronson tock represented 51.9% of the shares outstanding after the stock divided is admitted on information and belief.

18. Admit that after a trial held on January 2 and 3, 1974, the United States District Court for the District of New Jersey rendered a decision on January 11, 1974, disposing of all claims by Ronson for injunctive relief, vacating the preliminary injunction, and denying Ronson's permanent injunction, and otherwise deny the allegations contained in paragraph 18 of the Complaint.

19. Admit the allegations contained in paragraph 19 of the Complaint.

20. Admit the allegations of paragraph 20 of the Complaint.

21. Admit that Liquifin's tender offer terminated on May 10, 1974, that Liquifin had purchased 1,604,698 shares of Ronson common stock as of that date (or approximately 36.4% of the outstanding shares of Ronson common stock), that Liquifin is now Ronson's largest shareholder, and otherwise deny the allegations contained in paragraph 21 of the Complaint.

22. Admit that on or about May 20, 1974, Liquifin, Liquigas, and Liquimportex filed a Schedule 14B Statement, dated May 20, 1974, with the SEC, that Raffaele Ursini and Philip Marfuggi filed Schedule 14B Statements, dated May 9,

1974, that eight other persons filed Schedule 14B Statements with the SEC in connection with their nominations by Liquifin and others for directorships in Ronson, refer to the aforesaid statements for the terms and provisions thereof, and otherwise deny the allegations contained in paragraph 22 of the Complaint.

23. Admit the allegations contained in paragraph 23 of the Complaint.

24. Admit the allegations contained in paragraph 24 of the Complaint, except admit the allegation that Ronson's management will vote for only seven directorships on information and belief, and deny that they have knowledge or information sufficient to form a belief as to whom will be elected as directors.

25. Deny each and every allegation contained in paragraph 25 of the Complaint, except that if any defendant owes a fiduciary duty to Ronson the nature and extent of that duty is a question of New Jersey law, and refer to the law of New Jersey for the terms and provisions thereof.

26. Deny each and every allegation contained in paragraph 26 of the Complaint, except admit that Liquifin has stated in its Schedule 14B Statement that it has purchased approximately 36% of the common stock of Ronson and that it seeks to elect nine members of the Ronson Board of Directors, and refer to the Schedule 14B Statement for the terms and provisions thereof.

27. Deny that they have knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 27 of the Complaint except admit, upon information and belief, that Ronson owns all of the stock of Ronson Hydraulic Units Corporation, Duarte, California, and Ronson Hydraulic Units (N.C.) Corporation, Charlotte, North Carolina.

28. Admit, upon information and belief, that certain Ronson subsidiaries possess "Secret" Department of Defense facility security clearances, and refer to the Regulations of the Department of Defense and to the Industrial Security Manual for the terms and provisions thereof.

29. Refer to the Regulations of the Department of Defense for the terms and provisions thereof.

30. Deny that they have knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 30 of the Complaint.

31. Deny each and every allegation contained in paragraph 31 of the Complaint except admit that it is possible that Liquifin's ownership of 36% of Ronson and an election of a majority of Ronson's Board of Directors might result in a loss of facility security clearances, but the Defense Supply Agency of the Department of Defense has stated that placing the stock of the two hydraulics subsidiaries in suitable voting trusts could be accepted as establishing the necessary isolation from Liquifin if the subsidiaries were reorganized and established

in such a way that they could reasonably be expected to operate as viable independent corporate entities; Liquifin has agreed to these conditions and will use its best efforts to work out the necessary arrangements, and, accordingly, hopes to retain the defense security clearances; and, according to information furnished by Ronson, for a year and one-half, between 1969 and 1970, the clearance for one of the subsidiaries was cancelled because of inactivity, presumably in the area for which such clearance was necessary, which was the period of its greatest earnings.

32. Deny each and every allegation contained in paragraph 32 of the Complaint, except admit that Liquifin's stock in Ronson has been placed in a Voting Trust in order, among other things, for Ronson's subsidiaries to continue to maintain their facility security clearances and that, while there is no guarantee that Ronson will be able to make arrangements which will allow retention of those facility security clearances, Liquifin is using its best efforts to make appropriate arrangements and such arrangements have usually been accepted by the Department of Defense in the past.

33. Deny that they have knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 33 of the Complaint, except admit, upon information and belief, that Ronson Helicopters, Inc. is a wholly-owned subsidiary of Ronson which provides charter, maintenance and parts rates, ground school, flight training, air taxi services, forest fire fighters, and traffic surveys, and allege that, based upon information supplied by Ronson, Ronson Helicopters, Inc., as of September 1973 owed Ronson $1,550,000,

that it has, since its acquisition, been a substantial drain on the profits of Ronson, and that it has lost money in every year between 1966 and 1973.

34. Deny that they have knowledge or information sufficient to form a belief as to the truth of the allegation that Ronson Helicopters, Inc. performs a wide range of aviation services, but admit, upon information and belief, that Ronson Helicopters, Inc. is registered with the Civil Aeronautics Board as an "air carrier" and that it holds certificates of registration of aircraft issued by the Federal Aviation Administration, and refer to the Federal Aviation Act for the terms and provisions thereof.

35. Deny each and every allegation contained in paragraph 35 of the Complaint, except admit that the Federal Aviation Act restricts foreign ownership of air carriers and limits the right to register and operate aircraft and refer to the Federal Aviation Act for the terms and provisions thereof, admit that in attempting to insure that ownership and control remains vested in accordance with the provisions of the Federal Aviation Act, admit Liquifin and Liquigas have entered into a Voting Trust Agreement and have filed certain applications with the Civil Aeronautics Board, admit that it is possible that Ronson may be required to dispose of Ronson Helicopters, Inc., but that such a disposition under Liquifin's aegis would be at the best terms available, and deny that they have knowledge or information sufficient to form a belief as to the actual decision which the Civil Aeronautics Board will reach.

36. Admit, upon information and belief, the allegations contained in paragraph 36 of the Complaint.

37. Deny each and every allegation of paragraph 37 of the Complaint, except refer to the Communications Act for the terms and provisions thereof.

38. Deny each and every allegation contained in paragraph 38 of the Complaint, except admit that Liquifin has filed applications with the Federal Communications Commission for approval of the transfer of radio licenses held by Ronson and its subsidiaries to Liquifin's Voting Trustees and that the approval has been obtained, that further approvals will be necessary as the Ronson stock now held in trust is transferred to Liquifin and transfers of licenses are made to other Ronson subsidiaries, and that no assurances can be given that these approvals will be forthcoming.

39. Deny that any action taken by the answering defendants will be harmful to Ronson and its shareholders or that it has been planned by the answering defendants solely for their own benefit or without regard for the interests of Ronson and its shareholders or is in violation of any fiduciary obligation, but otherwise admits the allegations of paragraph 39 of the Complaint, except refer to the Communications Act for the terms and provisions thereof, and admit, upon information and belief, that Ronson and its subsidiaries have licenses for radios used in two executive automobiles and some pickup trucks and for some aircraft and a ground station, that the surrender of licenses for the automobiles and pickup trucks would have no significant impact upon Ronson's business, but that loss of the aviation licenses would require a cessation of aircraft operations and might require a sale of Ronson Helicopters, Inc.

40. Deny each and every allegation contained in paragraph 40 of the Complaint, except admit that a disposition of certain Ronson subsidiaries might constitute a default if not consented to by the holder of certain Ronson notes which, upon information and belief, amount to $22,000,000 and are in the hands of The Prudential Insurance Company of America, that while Liquifin has not proposed to sell Ronson Hydraulic Units Corporation and Ronson Hydraulic Units (N.C.) Corporation, the Civil Aeronautics Board has determined that the simultaneous ownership by Ronson of them and Ronson Helicopters, Inc. may require approval (although Ronson itself had never sought or obtained such approval), and that, for the reasons previously stated, a sale of one or more of those companies may eventually be required.

41. Deny that they have knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 41 of the Complaint and aver that there is no indication that the change in management proposed by Liquifin and others would deny Ronson access to any lines of credit.

42. Deny each and every allegation contained in paragraph 42 of the Complaint, except refer to the proceedings in the United States District Court for the District of New Jersey for the contents thereof, admit that should the candidates being supported by Liquifin be elected to Ronson's Board of Directors it is anticipated that Ronson's far-flung, repititious litigations against Liquifin and others would be discontinued and that Ronson is not entitled to recover damages in any of those actions but that the initiation and continuation of those actions by incumbent Ronson management was merely to entrench itself in power to the detriment of Ronson's shareholders.

43. Deny each and every allegation contained in paragraph 43 of the Complaint.

44. Deny each and every allegation contained in paragraph 44 of the Complaint.

45. Repeat and reallege each and every allegation, denial, and reference contained in paragraphs 13 through 43 hereof.

46. Deny each and every allegation contained in paragraph 46 of the Complaint, except admit that plaintiff alleges that this action is brought under Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 and SEC Rules 14a-9 and 14a-11.

47. Deny each and every allegation contained in paragraph 47 of the Complaint.

48. Deny each and every allegation contained in paragraph 48 of the Complaint, except refer to the various letters and statements therein referred to for the terms and provisions thereof.

49. Deny each and every allegation contained in paragraph 49 of the Complaint.

50. Repeat and reallege each and every allegation, denial, and reference contained in paragraphs 13 through 43 hereof.

51. Deny each and every allegation contained in paragraph 51 of the Complaint, except admit that plaintiff alleges that this action is brought under Sections 10(b), 13(d), 14(d), 14(e), and 20(a) of the Securities Exchange Act of 1934, and SEC Rules 10b-5 and 106-13.

52. Deny each and every allegation contained in paragraph 52 of the Complaint, except admit that plaintiff alleges this Court has jurisdiction under Section 27 of the Securities Exchange Act of 1934.

53. Deny each and every allegation contained in paragraph 53 of the Complaint.

54. Deny each and every allegation contained in paragraph 54 of the Complaint.

55. Deny each and every allegation contained in paragraph 55 of the Complaint.

56. Deny each and every allegation contained in paragraph 56 of the Complaint.

57. Deny each and every allegation contained in paragraph 57 of the Complaint.

58. Deny each and every allegation contained in paragraph 58 of the Complaint, except admit that in January 1974 the United States District Court for the District of New Jersey entered an order vacating the preliminary injunction against Liquifin's tender offer and denying Ronson's motion for a permanent injunction, that that order was unanimously affirmed by the United States Court of Appeals for the Third Circuit, which later denied Ronson's petition for a rehearing, that Liquifin's tender offer expired on May 10, 1974, and that Liquifin had thereby acquired approximately 36.4% of the then outstanding Ronson common stock, which was less than 2,288,000 shares.

59. Deny each and every allegation contained in paragraph 59 of the Complaitn, except admit that Liquifin's offer to purchase contained a statement that:

> Depending on the number of shares of Common Stock of Ronson purchased pursuant to this Restated Offer, and other circumstances not presently predictable Liquigas and Offeror may, directly or indirectly, from time to time purchase additional shares of Common Stock of Ronson in the open market or otherwise.

and refer to the offer to purchase and the Schedule 14B Statements for the terms and provisions thereof.

60. Deny each and every allegation contained in paragraph 60 of the Complaint.

61. Deny each and every allegation contained in paragraph 61 of the Complaint.

62. Deny each and every allegation contained in paragraph 62 of the Complaint.

SECOND DEFENSE

63. This action is but one in a series of actions instituted in the name of Ronson by its incumbent management in a desperate effort to entrench itself in power; it has not been brought in good faith on the part of Ronson (whose management have already utilized a series of law firms in their struggle to remain in power, so that no one firm may be fully aware of the true facts); there is no ground to support it; and the Complaint should be stricken in its entirety as sham and false and in violation of Rule 11 of the Federal Rules of Civil Procedure.

THIRD DEFENSE

64. The order of the United States District Court for the District of New Jersey, in an action entitled Ronson Corp. v. Liquifin A.G., et al., No. 73-785, entered on January 16, 1974, which was uninimously affirmed by the United States Court of Appeals for the Third Circuit on April 19, 1974, in Ronson Corp. v. Liquifin A.G., et al., Docket No. 74-1085, bars the prosecution of Counts I and II by Ronson under the doctrines of res judicata and collateral estoppel.

FOURTH DEFENSE

65. The Complaint fails to state a claim upon which relief can be granted.

FIFTH DEFENSE

66. This Court lacks jurisdiction over the person of the answering defendants.

AS AND FOR A COUNTERCLAIM BY LIQUIFIN AGAINST RONSON AND DEFENDANTS ARONSON, BLUMBERG, MacKAY, SIEGLER, COLE, WALDER, GRANET, WRIGHT, and GEORGESON

Jurisdiction

67. This counterclaim arises under Section 27 of the Securities and Exchange Act of 1934 ("1934 Act"), as amended, 15 U.S.C. § 77aa; Sections 10(b), 14(a), and 14(e) of the 1934 Act, 15 U.S.C. 78j(b), 78n(a) and 78n(e); Sections 17(a) and 22 of the Securities Act of 1933 ("1933 Act"), 15 U.S.C. §§ 77q(a) and 77v, as amended; and the Rules and Regulations of the United States Securities and Exchange Commission ("SEC") promulgated thereunder, particularly SEC Rules 14a-9 and 10b-5; and this Court has ancillary jurisdiction over it; all as hereinafter more fully appears.

68. Defendant Louis V. Aronson II ("Aronson"), is President, Chief Executive Officer and Chairman of the Board of Directors of Ronson, and is an incumbent candidate for a Ronson directorship.

69. Defendants Jerome J. Blumberg ("Blumberg"), Morton A. Siegler ("Siegler"), and Gilbert MacKay ("MacKay") are members of the Board of Directors of Ronson, and are incumbent candidates for Ronson directorships.

70. Defendant Morrill J. Cole ("Cole") is Assistant Secretary and a member of the Board of Directors of Ronson, and is an incumbent candidate for a Ronson directorship.

71. Defendant Justin P. Walder ("Walder") is Assistant Secretary and a member of the Board of Directors of Ronson, and is an incumbent candidate for a Ronson directorship.

72. Defendant A. Lester Granet ("Granet") is Assistant Treasurer and a member of the Board of Directors of Ronson, and is an incumbent candidate for a Ronson directorship.

73. Defendant Robert B. Wright ("Wright") is Vice President-Finance and Treasurer of Ronson.

74. Upon information and belief, defendant Georgeson & Co. ("Georgeson") is a New York partnership having its principal place of business at 100 Wall Street, New York, New York 10005.

75. Upon information and belief, Ronson has approximately 4,415,906 shares of common stock outstanding which shares are listed on the New York Stock Exchange ("NYSE") and the Philadelphia-Baltimore-Washington Exchange ("PWB") and are registered pursuant to Section 12 of the 1934 Act.

76. Defendants Aronson , Blumberg, Siegler, MacKay, Cole, Walder, Granet, Wright and Georgeson, and plaintiff Ronson may be found in, inhabit, or transact business in the Southern District of New York, and acts and transactions constituting the violations herein complained of occurred in the Southern District of New York.

77. Pursuant to a cash tender offer made by Liquifin ("the Liquifin tender offer"), approved for publication by the United States District Court for the District of New Jersey in an action entitled Ronson Corporation v. Liquifin Aktiengesellschaft, et al., 370 F. Supp. 597 (D.N.J. 1974), aff'd, Docket No. 74-1085 (3d Cir., April 19, 1974), as of May 10, 1974, a total of 1,604,698 shares of Ronson common stock were tendered to Liquifin by Ronson shareholders at $8.18 net per share. Finbow & Co. ("Finbow") holds 1,603,898 of these shares of record as nominee of the Voting Trustee of said shares (800 shares having been sold for $8.18 per share to Liquifin's proposed nominees for Ronson directors). As of May 10, 1974, Liquifin was, and still is, the beneficial owner of 1,603,898 shares and the holder of Voting Trust Certificates covering all of said shares owned of record by Finbow.

78. Upon information and belief, defendants Aronson, Blumberg, Siegler, MacKay, Cole, Walder, Granet, Wright, and Georgeson, and plaintiff Ronson, have engaged in false, fraudulent, deceptive and misleading communications, made by use of the mails and by means or instrumentalities of interstate commerce, to the shareholders of Ronson common stock to unlawfully defeat the Liquifin tender offer and have and are presently

engaged in a conspiracy (a) to unlawfully hinder and defeat lawful proxy solicitations to be made by Liquifin to the shareholders of Ronson common stock for the election of new directors for Ronson in opposition to Ronson management, and (b) to obtain from shareholders of Ronson proxies for the unlawful use of Ronson management (including defendants Aronson, Blumberg, MacKay, Cole, Walder, Granet, and Wright), through the use of false, fraudulent, deceptive, and manipulative acts and devices, as is more fully set forth herein, all of which is in violation of the 1933 Act, the 1934 Act, and the SEC rules and regulations promulgated thereunder.

Background

79. On May 31, 1973, Liquifin and its parent Liquigas filed with the SEC a Schedule 13D Statement (the "Schedule 13D"), pursuant to Section 14(d) af the 1934 Act, and the SEC Rules and Regulations thereunder, with respect to the Liquifin tender offer and on June 4, 1973 caused the Liquifin tender offer to be published in The Wall Street Journal and The New York Times.

80. On June 5, 1973, Ronson commenced an action against Liquifin and other persons in the United States District Court for the District of New Jersey, entitled "Ronson Corporation, Plaintiff v. Liquifin Aktiengesellschaft, et al., Defendant, Civil Action No. 785-73" (the "Williams Act case"). The complaint in the Williams Act case sought preliminary and permanent injunctive relief against the Liquifin tender offer, on the basis of numerous claims (most of which were subsequently abandoned) to the effect that the Liquifin tender offer failed to disclose various material facts in violation of Section 14(e)

of the 1934 Act (the "Williams Act") and that the acquisition of Ronson by Liquifin would violate the antitrust laws and various statutes and regulations regarding foreign ownership of domestic companies. This laundry list of Ronson allegations was continually added to during the course of the litigation with, among other things, claims that acquisition of control by Liquifin would breach a fiduciary obligation imposed upon it and others as a major stockholder of Ronson and that Liquifin was part of a vast conspiracy to violate the federal securities laws by, among other things, purchasing Ronson stock outside the Liquifin tender offer.

81. Following the grant in the Williams Act case of a preliminary injunction against the Liquifin tender offer, the United States Court of Appeals for the Third Circuit directed the district court to review the claims of Williams Act violations and to determine whether the Liquifin tender offer should be allowed to proceed under a revised offer to purchase. On January 2 and 3, 1974, a full trial in the Williams Act case was held before the Hon. Clarkson S. Fisher, U.S.D.J., on Ronson's application for a permanent injunction. At the close of the trial, the defendants in the Williams Act case moved to vacate the preliminary injunction that had previously been entered therein. On January 11, 1974, the Court filed an Opinion, including detailed findings of fact and conclusions of law, reviewing and rejecting for failure of proof all of the contentions made by the plaintiff in the Williams Act case, and holding that the Restated Offer to Purchase proffered by

Liquifin made a full, fair and adequate disclosure of all material facts relating to the Liquifin tender offer. In its Opinion (a copy of which is annexed hereto as Exhibit I), the district court denied Ronson's application for a permanent injunction and granted the defendants' motions to vacate the previously granted preliminary injunction.

82. Among the claims asserted in the Williams Act case against the Liquifin tender offer expressly rejected by the district court in its January 11, 1974 Findings of Fact and Conclusions of Law were claims that there had not been adequate disclosure of the persons in control of Liquigas, of the source of the funds for the Liquifin tender offer, and of Liquigas' intentions with respect to Ronson following acquisition. As noted above, the district court also rejected all of the other claims and contentions which had been asserted against the Liquifin tender offer.

83. On January 16, 1974, over Ronson's strenuous objection, the district court in the Williams Act case entered an Order denying Ronson a permanent injunction, vacating the previous preliminary injunction, and expressly authorizing Liquifin to proceed with its tender offer under a Restated Offer to Purchase approved by the district court.

84. On January 17, 1974, Liquifin and Liquigas filed with the SEC Amendment No. 12 to Schedule 13D. In accordance therewith, on January 21, 1974, Liquifin caused to be published in The Wall Street Journal and The New York Times the Restated Offer to Purchase, under the terms of which Liquifin offered to purchase 2,288,000 shares of Ronson common stock at $8.18 net per share, reflecting a premium above market price.

85. On April 19, 1974 the United States Court of Appeals for the Third Circuit, in Ronson Corporation v. Liquifin Aktiengesellschaft, et al., Docket No. 74-1085 (3d Cir., decided April 19, 1974), unanimously affirmed the orders of the district court in the Williams Act case permitting the tender offer to proceed. (A copy of the Court of Appeals' Opinion is annexed hereto as Exhibit II.) On April 27, 1974, the Court of Appeals denied Ronson's petition for rehearing and its suggestion for a rehearing en banc. Liquifin's tender offer later expired at 5:00 p.m. on May 10, 1974.

86. On February 22, 1974, after acquiring in excess of 5% of Ronson's issued and outstanding common stock, Liquifin and Finbow served upon Ronson their demand to be permitted to inspect and copy the records of shareholders for the stated purpose, inter alia, of soliciting proxies of the shareholders of Ronson common stock. In furtherance of their scheme to thwart at any cost Liquifin's bid for control, Ronson management refused to surrender the list, in violation of Liquifin's clear rights under New Jersey law. Liquifin and Finbow were then required to sue Ronson, its registrar and transfer companies and Ronson's Secretary for mandatory injunctive relief permitting Liquifin access to the records of shareholders. On April 25, 1974, the United States District Court for the District of New Jersey, in an action entitled Liquifin Aktiengesellschaft and Finbow & Co. v. Ronson Corporation, et al., Docket No. 74-325 (D.N.J., decided April 25, 1974), ordered Ronson and its agents to furnish to Liquifin and Finbow a copy

of the record of shareholders of Ronson for the purpose, inter alia, of soliciting proxies of the shareholders of Ronson for the 1974 Ronson Annual Meeting, which is now scheduled for June 13, 1974.

The Conspiracy and Violations Of Federal Securities Laws

87. After Liquifin's right to proceed with its tender offer had finally been vindicated in the Williams Act case, upon information and belief, the defendants in this action, under the leadership of defendant Aronson, with the advice and assistance of defendant Georgeson, proceeded to engage in an unlawful scheme and conspiracy for the purposes of entrenching themselves in Ronson and in the perquisites arising out of their relations with Ronson, to defeat the Liquifin tender offer and solicitation of proxies at all costs by, among other things, reiterating to the shareholders of Ronson their contentions with respect to control of Liquifin, source of funds used in the tender offer, Liquifin's intentions towards Ronson, and the adequacy of the offering price, all of which is being, has been, and will continue to be done in a false, misleading, deceptive and manipulative manner, in violation of the federal securities laws and regulations.

88. Among other things, well after the United States District Court for the District of New Jersey had rejected each and every Ronson contention in opposition to Liquifin's tender offer and after Ronson had been apprised by plaintiffs' letter of February 22, 1974 that plaintiffs intended to solicit proxies with respect to the 1974 Ronson Annual Meeting, Ronson

management published a letter dated March 15, 1974 as part of the 1973 Annual Report of Ronson (a copy of which letter is annexed hereto as Exhibit III). In that letter, Ronson management (including defendants Aronson, Blumberg, MacKay, Siegler, Cole, Walder, Granet, and Wright) again reiterated to Ronson shareholders management's opposition to the Liquifin tender offer, without explaining that each and every one of Ronson management's contentions against the tender offer had been judicially found to have been spurious and without basis in law or fact. The following are some of the inaccuracies, misrepresentations and nondisclosures contained therein:

(1) The letter characterizes the tender offer as "controversial" and "unfriendly" thereby implying that Liquifin's takeover would injure Ronson, without explaining that the district court had resolved all controversy and found the tender offer to be consistent with law and without explaining that the reason the Liquifin takeover was "unfriendly" was simply because of management's opposition to it.

(2) The letter goes on to decry Liquifin's "secret preparation" "without prior notice" thereby implying that Liquifin's takeover attempt is the result of illegal, nefarious schemes, without clearly explaining that the lack of publicity prior to a tender offer is normal, and that for Liquifin to have published its plans prior to publication of the tender offer would have resulted in a violation of the federal securities laws and the rules and regulations thereunder.

(3) The letter restates purported "reasons" why Ronson opposes the tender offer without clearly stating that the district court in the Williams Act case had found that Liquifin's disclosures as to controlling persons, source of funds, and its intentions upon acquisition were completely and accurately stated in the tender offer.

(4) The letter states that Liquifin's offering price of $8.18 is grossly inadequate without disclosing that defendants Aronson and Wright had made purchases of Ronson stock just prior to the tender offer at prices substantially below that price, that they had done so without revealing any of the purported facts which allegedly justify Ronson's assertion that the tender offer price is inadequate, and that if Ronson's assertion as to the tender offer price is correct then defendant Aronson and Wright themselves defrauded Ronson shareholders, in violation of the federal securities laws, particularly Section 10(b) of the 1934 Act and S.E.C. Rule 10b-5 thereunder.

(5) As indicative of Ronson's increased worth, the letter states that Ronson's land holdings have increased in value over the years without disclosing that defendant Aronson had testified in the Williams Act case that such inflated values were based, not on accurate appraisals, but on the estimations and assumptions of Ronson's counsel, defendant Justin P. Walder, who had been employed for the purpose of defeating Liquifin's tender offer.

(6) The letter failed to reveal the self-interest of management in opposing the Liquifin takeover, including the fact that defendant Aronson is employed under a long-term employment contract which he wishes to have further reserved and extended.

The effect of these and other of Ronson's and of defendants Aronson, Blumberg, MacKay, Siegler, Cole, Walder, Granet, Wright, and Georgeson's false, fraudulent, and misleading statements and omissions was to create the false impression in the minds of Ronson shareholders that the Liquifin takeover attempt was a scheme developed by unknown alien interests to undermine Ronson's business, despite the fact that all of the claims made by Ronson had been judicially determined to be unsubstantiated.

89. On April 11, 1974, Ronson solicited brokers to mail Ronson management's proxies with respect to the 1974

Ronson Annual Meeting to their clients on behalf of Ronson. (A copy of this letter is annexed hereto as Exhibit IV.) This letter, together with the knowledge of Liquifin's intention to solicit proxies, and together with the conduct of defendants, clearly establishes that the conduct of Ronson, Aronson, Blumberg, MacKay, Siegler, Cole, Walder, Granet, Wright, and Georgeson is and had been designed and intended to influence the decision of Ronson shareholders in connection with the soliciation of proxies for the 1974 Ronson Annual Meeting.

90. On April 22, 1974, Ronson issued a press release, a copy of which is annexed hereto as Exhibit V, reasserting Ronson management's purported "belief" that the Liquifin tender offer price was "inadequate" and "that the identity of those behind the tender offer, and their plans for Ronson remain mysterious." All of this was done without stating that the district court in the Williams Act Case had specifically determined each of these issues in favor of Liquifin and that the United States Court of Appeals for the Third Circuit had unanimously affirmed such determination, and was further done with the purpose, intent, and effect, among other things, of creating the false impression that Liquifin's takeover of Ronson was contrary to law.

91. On April 29, 1974 Ronson published a letter to all its stockholders again stating that it believed Liquifin's offering price to be "totally inadequate" and also detailing its purported fears that "agents of these foreign powers" might make fraudulent statements to Ronson shareholders to promote

their tenders. (A copy of this letter is annexed hereto as Exhibit VI.) The obvious purpose and intent of this letter was not only to perpetuate the false impression that Liquifin's tender offer was in violation of law, but also to further impugn the integrity of Liquifin, Liquigas and the persons they support for election as Ronson directors by implying, without any basis therefor, that Liquifin's takeover attempt was a part of an alien conspiracy inimical to both the interests of Ronson and of the United States. This letter, which exhorted Ronson shareholders not to tender their stock to Liquifin, also fails to reveal that on April 27, 1974, the defendant Aronson, who signed the letter, offered to sell his shares and the shares of his family and friends to Liquifin at a price in excess of $8.18.

92. These statements, press releases, and communications, together with others, were made after Ronson, Aronson, Blumberg, MacKay, Siegler, Cole, Walder, Granet, Wright and Georgeson knew Liquifin was preparing to solicit proxies and after Ronson itself had formally activated its proxy machinery, and were made for the purpose of not only illegally defeating Liquifin's tender offer, but also for the purpose of poisoning the minds of Ronson shareholders against Liquifin and of influencing their decisions whether or not to give their proxies, all through the use of illegal, false, fraudulent, deceptive and misleading acts, statements, and ommissions, in violation of the federal securities laws and the rules and regulations thereunder.

93. On May 22, 1974, Ronson mailed a statement and a covering letter to its stockholders soliciting their proxies for the 1974 Annual Meeting. The proxy statement and the letter are annexed hereto as Exhibit VII. Both the statement and the letter are false, misleading, and deceptive, in violation of the federal securities laws and regulations. The following are some of the inaccuracies, misrepresentations and non-disclosures contained therein:

(1) Liquifin is characterized both in the statement and the letter as a shell subsidiary of Liquigas. This statement is inherently deceptive in that it implies that Liquifin has no capital or assets. On the contrary, Liquifin has currently approximately $21,000,000 in assets, most of which is invested in Ronson stock.

(2) The proxy statement implies that certain land owned by Ronson is available for sale and could in fact be sold at prices "far in excess of the value stated on our books". This paragraph does not indicate what disadvantages there would be to Ronson if the land were sold. The tax consequences to Ronson on any such sale are disregarded. The use of specific dollar figures of the magnitude recited in the paragraph in this context are grossly deceptive.

(3) The proxy statement claims that "[n]ational defense security clearances [are] essential to the operation of Ronson's hydraulics subsidiaries". The proxy statement fails to reveal that in 1969 and 1970, the clearance owned by Ronson Hydraulics Units Corp. lapsed due to non-use in the preceding years, and that these years were the period of that company's greatest earnings.

(4) The proxy statement goes on to claim that Ronson will have substantial difficulty in retaining its security clearances if Liquifin takes control. This statement is false, since, under Department of Defense regulations, voting trust arrangements to preserve security clearances became necessary when Liquifin acquired 6% of Ronson stock. Thus, the alleged problem relating to security clearances is completely unrelated to Liquifin's taking control of Ronson or the election of Liquifin nominees as Ronson directors.

(5) The proxy statement omits the fact that the expressed view of the Department of Defense and the Defense Supply Agency regarding the retention of Ronson's security clearances is the opposite of that of Ronson's counsel. These agencies have indicated in writing that Voting Trust arrangements can readily be made which will insure the retention of the security clearances.

(6) The proxy statement gives the misleading impression that the CAB has disapproved Liquifin's proposed voting trust arrangement with respect to Ronson Helicopters, Inc. ("Ronson Helicopters"). The proxy statement fails to explain that the validity of the voting trust was the subject of a full evidentiary hearing before the CAB, which has not, as yet, rendered a decision. The proxy statement further fails to reveal that the CAB staff has submitted a brief in this proceeding recommending approval of Liquifin's proposed voting trust arrangements.

(7) The proxy statement claims that Ronson Helicopters may lose its air taxi operator license if Liquifin takes control of Ronson. These statements are false, since, under the Federal Aviation Act, voting trust arrangements to preserve the air taxi operation license became necessary when Liquifin acquired 25% of Ronson stock. Thus, the alleged problem relating to this license is completely unrelated to Liquifin's taking control of Ronson or to the election of Liquifin nominees as Ronson directors.

(8) In explaining why, in Ronson management's view, divestiture of Ronson Helicopters would be harmful to the Ronson stockholders, and that the helicopter subsidiary is an "improving" company, the proxy statement fails to reveal that the helicopter subsidiary has lost money throughout its history, and that the claimed $29,000 pre-tax profit for 1973 does not take into account payments of over $250,000 made by Ronson on behalf of the helicopter subsidiary.

(9) The proxy statement states that Liquifin control of Ronson could lead to allegedly questionable supply arrangements. This statement is unsupported by any facts and is thus pure speculation. In addition, the proxy statement fails to reveal that Liquigas, the parent of Liquifin, does not manufacture butane gas and other fuels packaged and used by Ronson for its flame and gas products. Furthermore, the proxy statement omits the fact that Liquifin and its nominees for Ronson directorships, if elected, have a fiduciary duty to act in the best interests of Ronson.

(10) The proxy statement fails to reveal the prices at which defendants Aronson, Granot and Wright purchased their shares of Ronson during the last two years. These prices were substantially below that offered by Liquifin in its Restated Offer to Purchase. This fact should have been revealed, since Ronson management has repeatedly stated, and has reiterated in its proxy statement, and the covering letter thereto, its belief that Liquifin's offering price was inadequate.

(11) The proxy statement claims that the takeover by Liquifin could place in jeopardy Ronson's $22 million loan agreement with Prudential Insurance Company of America ("Prudential"), due to the alleged possible divestiture of Ronson Helicopters or the hydraulics subsidiaries. This claim is materially false and misleading for the same reasons stated in paragraphs 93 (4), (5), (6) and (7) supra. In addition, the proxy statement fails to reveal that, until Liquifin applied to the CAB for approval of its Voting Trust arrangements at the outset of the tender offer, no application had been made for CAB clearance for Ronson's joint control of its helicopter and hydraulics subsidiaries as required by the Federal Aviation Act. Ronson management had thus put itself in the position of possibly being forced to divest the helicopter and/or hydraulics subsidiaries thus placing the loan agreement with Prudential in jeopardy.

94. On May 31, 1974, Ronson mailed a letter to its shareholders, as part of its proxy solicitation campaign. (A true copy of this letter is attached hereto as Exhibit VIII.) This letter reiterates the misstatements and omissions contained in the proxy statement regarding the alleged possible loss of security clearances, and the alleged possible default on the Prudential loan, as explained in paragraphs 93 (2), (4), (5) and (11), supra.

95. On May 31, 1974, Ronson mailed an "Addendum" to its proxy statement to the Ronson shareholders. This Addendum purports to modify the May 22 proxy statement, and deals with the alleged problem regarding Ronson helicopters. The mere

fact that the Addendum was sent demonstrates that, even in Ronson management's view, its proxy statement was materially fales, misleading, and deceptive. (A true copy of this Addendum is attached hereto as Exhibit IX.) The Addendum contains the same misstatements and omissions contained in the proxy statement as described in paragraphs 93 (7) and (8) supra. In addition, the Addendum states that, in setting up the Voting Trust arrangements, Liquifin was attempting to avoid the requirements of the Federal Aviation Act. This is false and grossly deceptive, since the Voting Trust was set up in order to comply with the requirements of the Federal Aviation Act so as to allow Ronson Helicpters to continue its operations.

96. Ronson management's barrage of false and misleading information to Ronson shareholders was again continued by a letter from Aronson to all Ronson shareholders, dated June 5, 1974. (A true copy of that letter is annexed hereto as Exhibit X.) In that letter Ronson management again begins with a characterization of Liquifin as a "Liechtenstein shell subsidiary," again refusing to acknowledge that Liquifin's assets exceed $20,000,000. It continues with a full page directed at the defendant Michele Sindona, concluding that "[w]e leave you to judge the significance of the relationship of Michele Sindona with Liquifin/Liquigas", without even acknowledging that defendant Michele Sindona's role in the Liquifin tender offer was reviewed and passed upon by the United States District Court for the District of New Jersey and the United States Court of Appeals for the Third Circuit, and was found to be exactly as Liquifin stated in its tender

offer. The letter also discusses an informal, confidential SEC investigation concerning Liquifin and Liquigas stating that this investigation concerns "their possible violations of the federal securities laws". The obvious purpose for this comment is to create the impression that Liquifin and Liquigas have somehow been charged or indicted by the SEC, when that is certainly not true. Indeed, the matters that are being investigated have already been explored by the courts as a result of Ronson's prior litigation and Liquifin's and Liquigas's positions have been judicially approved.

97. The foregoing deceptive, misleading and manipulative acts and omissions on the part of Ronson, Aronson, Blumberg, MacKay, Siegler, Cole, Walder, Granet, Wright and Georgeson and their co-conspirators have caused, are causing and, unless enjoined by this Court, will continue to cause, substantial and irreparable injury to Liquifin and to the Ronson shareholders in that these acts and omissions have influenced the decisions of Ronson shareholders with respect to their giving proxies in connection with the 1974 Annual Meeting of Ronson and with respect to tendering their stock in connection with the Liquifin tender offer, and in that they will continue to influence the decisions of those shareholders with respect to giving proxies for the 1974 Annual Meeting of Ronson, and have and will continue to cause large damages not fully capable of admeasurement at this time, which Liquifin is entitled to recover in this action.

WHEREFORE, defendants Liquifin, Liquigas, Liquimportex, and Marfuggi pray that this Court enter judgment herein granting:

(a) dismissal of the Complaint;

(b) preliminary and permanent injunctive relief enjoining Ronson, Aronson, Blumberg, MacKay, Siegler, Cole, Walder, Granet, Wright, and Georgeson and their co-conspirators and all others in active concert or participation with them from all acts in furtherance of the said scheme and conspiracy and in violation of the securities laws of the United States;

(c) preliminary and permanent injunctive relief preventing Ronson, Aronson, Blumberg, MacKay, Siegler, Cole, Walder, Granet, Wright, and Georgeson from further solicitation of proxies until further order of the Court and prohibiting the voting of all proxies already obtained by them;

(d) the damages which shall be found to have been sustained by defendants Liquifin, Liquigas, Liquimportex, and Marfuggi, the amount of which at the present time is incapable of ascertainment, together with costs, including counsel fees and expenses, in connection with this action; and

(e) such other and further relief as in the premises may be just and proper.

Dated: New York, New York
June 10, 1974

MUDGE ROSE GUTHRIE & ALEXANDER

By _____

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20 Broad Street
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Attorneys for Defendants
Liquifin, Liquigas,
Liquimportex and Marfuggi

74 Civ. 2488 (C.H.T.)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

RONSON CORPORATION,
Plaintiff,

-against-

LIQUIFIN AKTIENGESELLSCHAFT, LIQUIGAS S.p.A., LIQUIMPORTEX AKTIENGESELLSCHAFT, THE FIRST NATIONAL BANK OF WASHINGTON, RAFFAELE URSINI, PHILIP MARFUGGI, DANIEL A. PORCO, MICHELE SINDONA, LOUIS V. ARONSON II, JEROME J. BLUMBERG, GILBERT MacKAY, MORTON A. SIEGLER, MORRILL J. COLE, JUSTIN P. WALDER, A. LESTER GRANET, ROBERT B. WRIGHT, and GEORGESON & CO.,
Defendants.

ANSWER OF DEFENDANTS LIQUIFIN, LIQUIGAS, LIQUIMPORTEX, and MARFUGGI

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MUDGE ROSE GUTHRIE & ALEXANDER

Attorneys for Defts. Liquifin, Liquigas, Liquimportex, and Marfuggi

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Borough of Manhattan New York City
Telephone: HAnover 2-6767

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

RONSON CORPORATION, Plaintiff,	:	74 Civ. 2488 (CHT)
against	:	
LIQUIFIN AKTIENGESELLSCHAFT, LIQUIGAS S.p.A., LIQUIMPORTEX AKTIENGESELLSCHAFT, THE FIRST NATIONAL BANK OF WASHINGTON, RAFFAELE URSINI, PHILIP MARFUGGI, DANIEL A. PORCO and MICHELE SINDONA, Defendants,	:	REPLY OF PLAINTIFF AND COUNTERCLAIM DEFENDANTS
LOUIS V. ARONSON II, JEROME J. BLUMBERG, GILBERT MacKAY, MORTON A. SIEGLER, MORRILL J. COLE, JUSTIN P. WALDER, A. LESTER GRANET, ROBERT B. WRIGHT, and GEORGESON & CO., Counterclaim Defendants.	:	

Plaintiff Ronson Corporation ("Ronson") and counterclaim defendants Louis V. Aronson II, Jerome J. Blumberg, Gilbert MacKay, Morton A. Siegler, Morrill J. Cole, Justin P. Walder, A. Lester Granet, Robert B. Wright and Georgeson & Co., for their reply to the counterclaim of defendant Liquifin Aktiengesellschaft ("Liquifin"), by their attorneys, allege as follows:

1. Deny each and every allegation contained in paragraph "67" of the answer and counterclaim, except admit that defendant Liquifin alleges that this Court's jurisdiction is based upon Section 27 of the Securities Exchange Act of 1934, as amended, 15 U.S.C. § 77aa, §§ 10(b), 14(a) and 14(e) thereof, 15 U.S.C. 78j(b), 78n(a) and 78n(e), §§ 17(a) and 22 of the

Securities Act of 1933, 15 U.S.C. §§ 77q(a) and 77v, as amended, and rules and regulations of the Securities and Exchange Commission promulgated thereunder.

2. Deny each and every allegation contained in paragraph "68" of the answer and counterclaim, except admit that counterclaim defendant Louis V. Aronson II is President, Chief Executive Officer, a member of the Board of Directors of Ronson and was an incumbent candidate for a Ronson directorship at the annual meeting of stockholders of Ronson held on June 13, 1974.

3. Deny each and every allegation contained in paragraph "69" of the answer and counterclaim, except admit that counterclaim defendants Jerome J. Blumberg, Morton A. Siegler and Gilbert MacKay are members of the Board of Directors of Ronson and were incumbent candidates for Ronson directorships at the annual meeting of stockholders of Ronson held on June 13, 1974.

4. Deny each and every allegation contained in paragraph "70" of the answer and counterclaim, except admit that counterclaim defendant Morrill J. Cole is Assistant Secretary and a member of the Board of Directors of Ronson and was an incumbent candidate for a Ronson directorship at the annual meeting of stockholders of Ronson held on June 13, 1974.

5. Deny each and every allegation contained in paragraph "71" of the answer and counterclaim, except admit that counterclaim defendant Justin P. Walder is Assistant Secretary and a member of the Board of Directors of Ronson and was an in-

cumbent candidate for a Ronson directorship at the annual meeting of stockholders of Ronson held on June 13, 1974.

6. Deny each and every allegation contained in paragraph "72" of the answer and counterclaim, except admit that counterclaim defendant A. Lester Granet is Assistant Treasurer and a member of the Board of Directors of Ronson and was an incumbent candidate for a Ronson directorship at the annual meeting of stockholders of Ronson held on June 13, 1974.

7. Deny each and every allegation contained in paragraph "73" of the answer and counterclaim, except admit that counterclaim defendant Robert B. Wright is Vice President-Finance and Treasurer of Ronson.

8. Counterclaim defendant Georgeson & Co. admits the allegations contained in paragraph "74" of the answer and counterclaim. All other counterclaim defendants and Ronson deny that they have knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph "74" of the answer and counterclaim.

9. Deny each and every allegation contained in paragraph "75" of the answer and counterclaim, except admit that on May 10, 1974, the record date for the annual meeting of shareholders, Ronson had 4,412,575 shares of common stock outstanding.

10. Plaintiff Ronson and counterclaim defendants Aronson, Bromberg, Siegler, Cole, Walder, Granet and Wright each admit, insofar as the allegations of paragraph "76" pertain to

such person and to Ronson, that from time to time they may be found in or may engage in business transactions in the Southern District of New York and, except as so admitted, each of them denies knowledge or information sufficient to form a belief as to the truth of the allegation contained in paragraph "76" of the answer and counterclaim. Counterclaim defendant MacKay admits that he and Ronson may be found in, inhabit or transact business in the Southern District of New York and, except as so admitted, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph "76" of the answer and counterclaim. Counterclaim defendant Georgeson & Co. admits that one or more of its partners may be found in, inhabit or transact business in the Southern District of New York and, except as so admitted, denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph "76" of the answer and counterclaim.

11. Deny that they have knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph "77" of the answer and counterclaim, except admit that the preliminary injunction enjoining defendants from soliciting the tender of Ronson shares was vacated by the United States District Court for the District of New Jersey ("the New Jersey Federal Court") in an action entitled "Ronson Corporation v. Liquifin Aktiengesellschaft, et al., 370 F.Supp. 597 (D. N.J. 1974), aff'd, Docket No. 74-1085 (3d Cir. 1974) and refer to the order of the New Jersey Federal Court for the contents thereof.

12. Deny each and every allegation contained in paragraph "78" of the answer and counterclaim.

13. Deny each and every allegation contained in paragraph "79" of the answer and counterclaim, except admit, on information and belief, that on or about May 31, 1973, Liquifin and its parent, Liquigas S.p.A. ("Liquigas"), filed with the Securities and Exchange Commission a Schedule 13D Statement with respect to the Liquifin tender offer and on June 4, 1973 caused the Liquifin tender offer to be published in the Wall Street Journal and the New York Times.

14. Deny each and every allegation contained in paragraph "80" of the answer and counterclaim, except admit that on June 5, 1973, Ronson commenced an action against Liquifin and other persons in the New Jersey Federal Court entitled "Ronson Corporation, Plaintiff, against, Liquifin Aktiengesellschaft, et al., Defendants, Civil Action No. 785-73" and refer to the complaint in that action for the contents thereof.

15. Deny each and every allegation contained in paragraph "81" of the answer and counterclaim, except admit that on July 5, 1973, the New Jersey Federal Court entered an order enjoining defendants pendente lite from soliciting the tender of any shares from Ronson, acquiring or attempting to acquire in any manner the shares of Ronson or voting any shares of Ronson previously acquired, or in any way influencing the management of Ronson, further admit that on July 24, 1973, the United States Court of Appeals for the Third Circuit affirmed the order

of the New Jersey Federal Court and remanded the case to that Court for further proceedings, and further admit that, after a hearing on the permanent injunction held on January 2 and 3, 1974, the New Jersey Federal Court rendered its Opinion and Findings of Fact and Conclusions of Law on January 11, 1974 holding that the issue it was determining was whether the restated tender offer failed to disclose adequately or materially misrepresented the persons behind and the methods used to fund the offer, the effect of foreign laws on the offer, and the administrative obstacles under federal law to the offer, and on January 16, 1974, made an order vacating the preliminary injunction and denying a permanent injunction, and refer to the aforesaid Opinion and Findings of Fact and Conclusions of Law and Order for the contents thereof.

16. Deny each and every allegation contained in paragraph "82" of the answer and counterclaim, except admit that the New Jersey Federal Court in its Opinion and Findings of Fact and Conclusions of Law rendered on January 11, 1974 held that there was no showing that the tender offer failed to disclose adequately or materially misrepresented the persons behind and the methods used to fund the offer, the effect of foreign laws on the offer and the administrative obstacles under federal law to the offer.

17. Deny each and every allegation contained in paragraph "83" of the answer and counterclaim, except admit that on January 16, 1974, the New Jersey Federal Court made an order which, inter alia, denied plaintiff's application for a permanent injunction and refer to the said order for the contents thereof.

18. Plaintiff and counterclaim defendants deny that the tender offer price of $8.18 per share reflects a premium above market price during the period from January 17, 1974 through its termination on May 10, 1974, with the exception of a very limited number of individual days during a span of nearly four months, and otherwise plaintiff Ronson and counterclaim defendants deny that they have knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph "84" of the answer and counterclaim.

19. Deny each and every allegation contained in paragraph "85" of the answer and counterclaim, except admit that on April 19, 1974, the United States Court of Appeals for the Third Circuit affirmed the New Jersey Federal Court's denial of a permanent injunction and, on April 27, 1974, denied Ronson's petition for a re-hearing and request for a re-hearing en banc, and refer to the orders and opinion of the Court of Appeals for the contents thereof, and further admit that Liquifin's tender offer expired at 5 P.M. on May 10, 1974.

20. Deny each and every allegation contained in paragraph "86" of the answer and counterclaim, except deny that they have knowledge or information sufficient to form a belief as to the truth of the allegation that on February 22, 1974, Liquifin and Finbow & Co. ("Finbow") had acquired in excess of 5% of Ronson's issued and outstanding common stock; admit that on February 22, 1974, Liquifin and Finbow served upon Ronson their demand to be permitted to inspect and copy the record of shareholders for the stated purpose, inter alia, of soliciting proxies

of the shareholders of Ronson common stock; and further admit that Ronson's management refused to surrender the list, that Liquifin and Finbow then brought an action against Ronson and that, on April 25, 1974, the New Jersey Federal Court, in an action entitled "Liquifin Aktiengesellschaft and Finbow & Co. v. Ronson Corporation" Docket No. 74-325 (D. N.J., decided April 25, 1974), ordered Ronson and its agents to furnish to Liquifin and Finbow a copy of the record of shareholders of Ronson for the purpose, inter alia, of soliciting proxies of the shareholders of Ronson for the 1974 Ronson Annual Meeting, except that the allegations of paragraph "86" of the answer and counterclaim fail to state that upon receiving the demand of Liquifin and Finbow to inspect and copy the list of shareholders, Ronson commenced a declaratory judgment action in the Superior Court, Essex County, New Jersey, for the purpose of determining the rights of Liquifin and Finbow to inspect and copy the same in view of, among other things, the then pending appeal referred to in paragraph "85" of the answer and counterclaim.

21. Deny each and every allegation contained in paragraph "87" of the answer and counterclaim.

22. Deny each and every allegation contained in paragraph "88" of the answer and counterclaim, except admit that Ronson received Liquifin's letter of February 22, 1974 and that, on March 15, 1974, Ronson sent to its shareholders, as part of the 1973 annual report of Ronson, a letter dated March 14, 1974 (a copy of which is annexed to the answer and counterclaim as "Exhibit III") and refer to said letter for the contents thereof.

23. Deny each and every allegation contained in paragraph "89" of the answer and counterclaim, except admit that, on or about April 14, 1974, Ronson mailed to certain brokers a letter, a copy of which is annexed to the answer and counterclaim as "Exhibit IV", and refer to said letter for the contents thereof.

24. Deny each and every allegation contained in paragraph "90" of the answer and counterclaim, except admit that, on or about April 22, 1974, Ronson issued a press release, a portion of which is quoted in Exhibit V to the answer and counterclaim, and refer to the press release for the contents thereof.

25. Deny each and every allegation contained in paragraph "91" of the answer and counterclaim, except admit that, on or about April 29, 1974, Ronson mailed to its stockholders a letter, a copy of which is annexed to the answer and counterclaim as "Exhibit VI", and refer to said letter for the contents thereof.

26. Deny each and every allegation contained in paragraph "92" of the answer and counterclaim.

27. Deny each and every allegation contained in paragraph "93" of the answer and counterclaim, except admit that, on or about May 22, 1974, Ronson mailed to its stockholders a letter, notice of annual meeting of stockholders and proxy statement, copies of which are annexed to the answer and counterclaim as "Exhibit VII", and refer to the said letter, notice of annual meeting of stockholders and proxy statement for the contents thereof.

28. Deny each and every allegation contained in paragraph "94" of the answer and counterclaim, except admit that, on May 31, 1974, Ronson mailed to its stockholders a letter, a copy of which is annexed to the answer and counterclaim as "Exhibit VIII", and refer to said letter for the contents thereof.

29. Deny each and every allegation contained in paragraph "95" of the answer and counterclaim, except admit that, on or about May 31, 1974, Ronson mailed to its shareholders an Addendum to Ronson Corporation Proxy Statement, a copy of which is annexed to the answer and counterclaim as "Exhibit IX", and refer to said Addendum to Ronson Corporation Proxy Statement for the contents thereof.

30. Deny each and every allegation contained in paragraph "96" of the answer and counterclaim, except admit that, on June 5, 1974, Ronson mailed to its stockholders a letter, a copy of which is annexed to the answer and counterclaim as "Exhibit X", and refer to said letter for the contents thereof.

31. Deny each and every allegation contained in paragraph "97" of the answer and counterclaim.

FIRST DEFENSE

32. The counterclaim fails to state a claim upon which relief may be granted.

SECOND DEFENSE

33. The Court lacks jurisdiction over the person of the counterclaim defendants.

THIRD DEFENSE

34. As to counterclaim defendant Georgeson & Co., process is insufficient.

WHEREFORE, plaintiff Ronson and counterclaim defendants Louis V. Aronson, II, Jerome J. Blumberg, Gilbert MacKay, Morton A. Siegler, Morrill J. Cole, Justin P. Walder, A. Lester Granet, Robert B. Wright and Georgeson & Co. pray that this Court enter judgment herein dismissing the counterclaim as against said plaintiff and counterclaim defendants and granting them the costs of this action, including counsel fees and expenses, and such other and further relief as the Court may deem just and proper.

SHEA GOULD CLIMENKO & KRAMER

By _____
A Member of the Firm
330 Madison Avenue
New York, New York 10017

Attorneys for Plaintiff and
Counterclaim Defendants.

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

CONNIE COHEN , being duly sworn, deposes and says: that deponent is in the employ of SHEA GOULD CLIMENKO & KRAMER, attorneys for Plaintiff and Counterclaim Defts. herein, is over 18 years of age, is not a party to this action, and resides at 61-55 98th Street, Queens, N. Y. .

On the 1st day of July , 19 74 , deponent served the within Reply on Mudge,Rose,Guthrie & Alexander , Esq(s)., attorney(s) for the Defendants in the within entitled action, by depositing a true and correct copy of the same, properly enclosed in a postpaid wrapper in the official depository maintained and exclusively controlled by the United States Government at 330 Madison Avenue, New York, New York 10017 that being the post office address of the attorneys for above parties , directed to said attorney(s) for Defendants at No. 20 Broad Street, New York, New York , that being the address designated by (~~him~~) (them) for that purpose.

Connie Cohen
Connie Cohen

Sworn to before me this
1st day of July , 1974 .

Gracie Vuchesin

GRACIE V. LESCHEN
Notary Public, State of New York
No. 24-4820121
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1976

INDEX NO.

UNITED STATES DISTRICT COURT

DISTRICT OF NEW YORK

Plaintiff,

against

Defendants

Counterclaimant

Counterclaim Defendants

SHEA GOULD CLIMENKO & KRAMER
330 MADISON AVENUE
NEW YORK, N. Y. 10017
MO 1-3200

ATTORNEYS FOR Plaintiff and Counterclaim Defendants.

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

RONSON CORPORATION,	:	
Plaintiff,	:	74 Civil 2488 (C.H.T.)
-against-	:	
LIQUIFIN AKTIENGESELLSCHAFT, et al.,	:	
Defendants.	:	

AFFIDAVIT IN SUPPORT OF LIQUIFIN'S MOTION TO COMPEL ISSUANCE OF CORRECTED INSPECTORS' FINAL REPORT AND CERTIFICATE AS TO RESULTS OF ELECTION

MILTON BLACK, being duly sworn, deposes and says:

1. I am an attorney at law duly admitted to practice in this court; I am a member of the firm of Mudge Rose Guthrie & Alexander, attorneys for Liquifin A.G. ("Liquifin") and certain other defendants in this action; I am familiar with this action and the relevant facts; and I make this affidavit in support of Liquifin's motion to: (a) enjoin plaintiff Ronson Corporation ("Ronson") and the Inspectors of Election, Messrs. John P. Mead and Lawrence Blom (the "Inspectors"), from publishing the purported "Inspectors Report" dated July 8, 1974 purporting to state the number of votes of shareholders received at the Ronson annual meeting of shareholders, commenced on June 13, 1974 and presently adjourned to July 10, 1974 (the "Annual Meeting") pursuant to arrangements agreed upon by counsel in this action at the hearing herein held June 12, 1974; and (b) compel Ronson and the Inspectors to issue a proper final report and certificate as to the results of the Annual Meeting in

accordance with the present motion by Liquifin.

2. At the hearing on June 12, 1974 Ronson agreed to the appointment of the Inspectors and Liquifin proposed a ground rules agreement to govern the conduct of the Annual Meeting and such an agreement was executed between counsels for Ronson and Liquifin under date of June 13, 1974 (the "ground rules agreement"). A true and correct copy of said ground rules agreement and the supplement thereto is annexed hereto, marked "Exhibit A".

3. Under the ground rules agreement, the Inspectors impounded the proxies, ballots, envelopes and other evidence relating to the proxies and b allots utilized at the Annual Meeting on June 13, 1974, which was adjourned to June 27, 1974, was thereafter further adjourned, and is now scheduled to be resumed on July 10, 1974; the Inspectors held meetings with both parties to the proxy contest at which they furnished the parties with a preliminary determination as to shares voted, heard arguments and challenges from both sides to the preliminary determinations, and ruled on such arguments and challenges.

4. As is set forth in the Affidavit of Arthur F. Long sworn to this date and filed herewith (the "Long Affidavit"), an agreement had been made by Arthur F. Long, on behalf of Liquifin with the Inspectors that the ballot by which the shares of Finbow & Co. beneficially owned by Liquifin (the "Finb ow shares") were to be voted in the Annual Meeting also to be filed with the Inspectors in blank,
i.e., without indicating on the ballot in the spaces provided following the names of the nine candidates proposed for election to the Ronson Board of Directors by Liquifin the number of the Finbow shares to be voted for each of said candidates.

5. The intent of such agreement was to permit Liquifin, in the event it could not elect its entire slate of nine candidates, to select the two candidates to be elected to the Board in the light of the fact that Ronson, in its communications to shareholders in the course of the proxy contest had announced and reiterated that it was proposing only seven nominees out of the nine directors to be elected at the Annual Meeting, and was leaving it to Liquifin to select the other two directors to be elected in the Annual Meeting. Under the agreement between Mr. Long and the Inspectors, which, as shown by the Long Affidavit, was in accordance with procedures used in contested elections involving analagous situations, the ballot for voting of the Finbow shares, filed at the Annual Meeting on June 13, 1974, was to be filled in with the numbers of shares to be voted for each of the Liquifin candidates so as to insure that Liquifin would select the two candidates to be elected directors of Ronson if the entire Liquifin slate could not be elected.

6. On July 5, 1974 and prior to a scheduled meeting with the Inspectors at which the Inspectors were to issue to both parties a tentative report on the revised figures as to shares voted reflecting the arguments and challenges made to the Inspectors and ruled on by them with regard to proxies and ballots voted at the annual meeting; Philip Marfuggi, as proxy with respect to the ballots cast relating to the Finbow shares sent a telegram to the Inspectors delivered at the office of Corporation Trust Company, 277 Park AVenue, New York, New York 10017, of which the Inspectors are employees, on July 5, 1974. Said telegram. based on telegraphic instructions received by said Philip Marfuggi from Finbow & Co. earlier on July 5, 1974, instructed the Inspectors, in accordance with the agreement made by Mr. Arthur Long with the Inspectors above referred to, and pursuant to the rights of Liquifin, Finbow and Marfuggi under governing law to permit Liquifin's attorneys, acting on behalf of the proxies at the meeting with the Inspectors scheduled and held on July 8, 1974, to make the necessary entries on the blanks in the relevant ballot designating the exact manner in which the vote of Finbow shares was to be included in the Inspectors Final Report and Certificate. True and correct copies of the telegram from Mr. Marfuggi to the Inspectors and the underlying telegraphic instructions previously received by Mr. Marfuggi from Finbow & Co. are annexed hereto marked "Exhibit B-1" and "Exhibit B-2" respectively.

8. However, at the meeting on July 8, 1974, the Inspectors, in violation of the agreement made by Mr. Long with them at the annual meeting on June 13, 1974, and in

in violation of Liquifin's rights under governing law, handed to the parties a purported "Inspectors Report" dated July 8, 1974, a true and correct copy of which is annexed hereto marked "Exhibit C". At said meeting the Inspectors although recalling certain aspects of Mr. Long's agreement with them made on June 13, 1974 just prior to the annual meeting, claimed that they had no evidence of the reservation of Liquifin's right to fill in the blanks on the ballot after the closing of the polls although Inspector Mead stated that he felt that Liquifin's request that this be done was reasonable and in line with the procedure in analogous situations involving cumulative voting (although not involved in the present case). The Inspectors also advised the parties that if the court ordered them to permit the ballot to be corrected they would file their Final Report and Certificate in compliance with any direction by this court.

9. In light of the unexpected action of the Inspectors at the July 8, 1974 meeting, in order to record and preserve the position of Liquifin, I filed, and the Inspectors received, to be considered with their purported Inspectors Report, my outline of the position of Liquifin pursuant to the agreement between Arthur Long and the Inspectors and in accordance with Liquifin's rights under governing law. This outline, which I had prepared for my own use at the hearing shows, among other things, the number of Finbow shares to be voted for each of the nine candidates of Liquifin. See "Exhibit C" annexed.

WHEREFORE, it is respectfully requested that this court make an order:

(a) Enjoining Ronson and the Inspectors from publishing the purported Inspectors Report of July 8, 1974;

(b) Directing the Inspectors to permit Liquifin and the proxies designated to vote the Finbow shares to designate on the relevant ballot the exact manner and number in which the Finbow shares are to be voted so as to ensure the election of Philip Marfuggi and Donald J. Zoeller to the two seats on the Board left by Ronson to be filled in accordance with Liquifin's designation; and

(c) Directiing Ronson and the Inspectors to make, receive and publish a Final Report and Certificate by the Inspectors of Election in accordance with the designation made on behalf of Liquifin as to the number of shares to be voted for the Liquifin candidates.

Milton Black

Sworn to before me this
9th day of July, 1974.

Notary Public

PHILIP J. WALKER
Notary Public, State of New York
No. 31-4521465
Qualified in New York County
Commission Expires March 30, 1975

AGREEMENT RELATING TO 1974 ANNUAL MEETING OF STOCKHOLDERS

OF

RONSON CORPORATION

Agreement made as of this 13th day of June, 1974 by and on behalf of Ronson Corporation ("Management" or "Company"), and Liquifin A.G. ("Liquifin"). The Company and Liquifin are sometimes referred to herein collectively as the "parties" and individually as "party".

The Annual Meeting of Stockholders of Ronson Corporation has been called to be held in Newark, New Jersey on June 13, 1974 at 2:30 P.M.

Management and Liquifin have been engaged in a proxy contest in connection with the election of directors at said meeting and the parties desire to agree upon certain procedures and rules with respect to the conduct of the meeting, the manner of voting, rebuttable presumptions concerning the validity of proxies and ballots and other matters.

The parties agree that they have reached and will adhere to the understandings hereinafter described.

1. The Company has appointed Messrs. John P. Mead and Lawrence Bloom of The Corporation Trust Company of New York to serve as Inspectors (the "Inspectors") and Liquifin agrees to such appointment. In the event that any of such persons shall fail to become or cease to be an Inspector before completion of his duties, the remaining Inspector may continue to act without appointing a successor Inspector or if he so desires may request and there shall be appointed a successor who shall be an employee of The Corporation Trust Company and acceptable to the parties.

EXHIBIT A

2. The rules set forth in the attached "Rules and Presumptions Concerning the Validity of Proxies" (herein called "Presumptions") shall be applied by the Inspectors in determining the authenticity, validity and effect of proxies and ballots, provided that they shall be rebuttable by proper evidence acceptable to the Inspectors, delivered to them prior to the closing of the polls, or before any appropriate tribunal or forum.

Nothing contained herein or in the attached Presumptions shall constitute a waiver or restriction in any manner of the right of either party to rebut any such Presumptions or to challenge the application of the Presumptions by the Inspectors to any proxy or ballot or to contest such application or decision of the Inspectors with respect thereto before any appropriate tribunal or forum or the waiver of the right of either party to challenge the validity of any proxy or ballot.

The failure to set forth herein any other presumptions regarding the validity of a proxy will not be deemed to create any further presumption (whether positive or negative) as to any proxy.

3. A roll call, the reading of the affidavit of mailing of the notice of meeting, and the reading of the minutes of the preceding meeting shall be dispensed with but such documents shall be available for inspection at the meeting or any adjourned meeting.

4. There shall be no formal presentation by either party of prepared statements, arguments or positions on the

issues nor any nominating or seconding speeches and both parties shall attempt to avoid the injection of controversy into the stockholders' meeting except that the above restrictions of this paragraph shall not apply to (a) a five minute summary of position by each party or (b) any stockholder not associated with either party asking appropriate questions from the floor and receiving responses thereto or (c) the President's annual report to the stockholders.

5. The polls shall be opened immediately after completion of the nominations and the introduction of the proposal on the ratification of the appointment of Auditors for the Company and shall remain open until 4:00 P.M. Newark Time on June 13, 1974, or such earlier time as the discussion on matters to be voted upon has been concluded, and shall thereupon be closed; and thereafter no further voting shall be permitted and no further proxies, ballots shall be accepted or considered by the Inspectors except as provided in the Presumptions.

6. Prior to the closing of the polls, proxies, ballots and evidence must be delivered to the Inspectors at the Ronson Annual Meeting at the Robert Treat Hotel.

7. The Inspectors shall file their final certificate regarding the outcome of the meeting as soon as practicable after 72 hours prior written notice to both parties.

8. The Inspectors shall have the custody and shall be in complete charge of and responsible for the safekeeping of the proxies, ballots and other evidence and a certified list of stockholders from the time of their filing and depositing with the Inspectors until the Inspectors shall file their final certificate regarding the outcome of the meeting. Thereafter, for the purposes expressed in the next sentence, for an additional period of one month such proxies, ballots and other evidence and a certified list shall continue to remain in the custody and safekeeping of the Inspectors at a place designated by The Corporation Trust Company, with attendant expense to be shared equally by the parties. During such one-month period, upon 24-hours' prior written notice to the other party and to The Corporation Trust Company of an intention to inspect the documents, representatives of either party shall be entitled to inspect the documents and make excerpts therefrom and make copies thereof during reasonable business hours. The other party shall have the right to have representatives present during such inspection. At the end of such one-month period the Inspectors shall deliver the documents referred to in the first sentence of this paragraph to the Secretary or any Assistant Secretary of the Company to be kept in safekeeping by him and the documents shall continue to be available for inspection, for a period not to exceed 12 months, by either party on reasonable written notice.

9. At a safe place designated by the Inspectors, the Inspectors without interference by and without the presence of either of the parties, shall examine the proxies and ballots and "match up" the proxies in such a manner that they will be separately identified and labeled as follows: (a) one separate group of proxies which the Inspectors deem to be valid running to Management, which are to be subdivided into (i) proxies or ballots related to Ronson shares registered in the name of officers and directors of Ronson and (ii) proxies or ballots related to Ronson shares registered in the name of persons other than those persons described in (a)(i), (b) a similar group of proxies running to Liquifin, which are to be subdivided into (i) proxies or ballots related to Ronson shares registered in the name of Liquifin, Finbow and their nine nominees for directorship and (ii) proxies or ballots related to Ronson shares registered in the name of persons other than those persons described in (b)(i), (c) a third group labeled "stand-offs" (which involve situations where the Inspectors cannot determine which of two or more conflicting proxies running to the respective parties was in fact executed later), and (d) "set-asides" which, in the opinion of the Inspectors, raise questions on which the Inspectors would like to hear argument from the parties. In each of the categories (a), (b) and (d) above the Inspectors shall separately identify and label broker and nominee proxies. Each party shall have the right to have three representatives present on Monday, June 17, 1974 at the place designated by the Inspectors, beginning at 10:00 A.M. at which time the Inspectors will commence examination and counting of broker and nominee proxies and ballots and the parties shall have the right to make copies of the same.

The Inspectors shall mark the certified stockholder list to reflect how many shares each registered stockholder voted for the nominees of each party.

The Inspectors shall as soon as practicable make an unofficial tally of the results of the voting in the foregoing categories and shall release the information concerning the same to both parties simultaneously. Thereupon the parties shall have the period of one week, beginning

on a date as early as practicable as both parties may agree but not later than the third business day following notice of the unofficial tally, to examine the proxies and ballots, other evidence and the marked certified list at the location designated above pursuant to this paragraph 9. Prior to a party examining the documents referred to in the immediately preceding sentence, such party shall give the other party 24 hours' prior written notice. Extracts therefrom and copies thereof may be made by the parties in the presence of the Inspectors and of each other's representatives. During such period on 24 hours' prior written notice the parties may present their arguments and challenges to the Inspectors. At the end of such one week period, or such other time as the parties may agree upon, or as the Inspectors may require, the Inspectors shall make their final rulings and final tabulation of the results of the voting and present the figures simultaneously to both parties and shall also present to Management a certified report of the results of such voting with a copy to Liquifin.

10. When the business of the meeting on the initial day thereof, June 13, 1974, shall have been completed, the meeting shall be adjourned to 2:30 P.M. Newark Time on June 27, 1974, at the Robert Treat Hotel in Newark, New Jersey, to receive the final report and certificate of the Inspectors. If the final report is not then available as provided in paragraph 7 hereof, the meeting shall be further adjourned by adjournment or adjournments to a specific date, time and place, in each instance, as may be required.

11. The Chairman shall recognize the presence of a quorum and the meeting shall proceed as though a quorum were present subject to verification thereof by the Inspectors.

12. The Company shall arrange to have an official court reporter at the meeting, each party shall be furnished with a copy of the transcript simultaneously, and the parties shall divide the total expenses therefor equally.

13. The parties agree that their respective proxy agents will vote all the shares they are entitled to vote in favor of any resolution that may be necessary to effectuate this Agreement.

14. Management will provide sufficient seats in the front rows of one-half of the meeting room for twenty representatives of Liquifin, including nominees for directorships in attendance. Access to the meeting room shall be permitted for these representatives.

15. The validity of proxies and ballots shall be determined in accordance with New Jersey law without giving effect to New Jersey conflict of laws principles.

16. Notice to Ronson, unless otherwise specified, shall be deemed given if ~~given~~ hand delivered to:

Shea Gould Clemenko & Kramer
330 Madison Avenue
New York, New York 10017

Notice to Liquifin, unless otherwise specified, shall be deemed given if ~~given~~ hand delivered to:

Mudge Rose Guthrie & Alexander
20 Broad Street
New York, New York 10005

IN WITNESS WHEREOF, the Company and Liquifin have caused this instrument to be signed in their respective behalf by their respective counsel.

RONSON CORPORATION
By Shea Gould Clemenko & Kramer
By Richard Lesher

LIQUIFIN A.G.

By Mudge Rose Guthrie & Alexander
by Donald F. D. Lee

Attachment to

Ronson-Liquifin Agreement

dated June 13, 1974

RULES AND PRESUMPTIONS CONCERNING THE VALIDITY OF PROXIES

1. (a) A proxy shall not be deemed invalid because the signature is hand printed, written in pencil or crayon, or because the proxies from brokers, banks, nominees, corporations and partnerships bear a rubber stamp or facsimile signature.

(b) Initials may be used for first and middle names, names may be used for the first and middle initials, and first and middle names or initials may be added or omitted. Furthermore, if the manner in which a stockholder signed the proxy card constitutes a slight change or a variation in spelling from, but is phonetically similar to, the manner in which his name is printed on the stock ledger of the Company the Inspectors shall ignore such variation unless the challenging party can furnish proof that the variation renders the proxy invalid because it was not signed by the proper person.

(c) Titles such as Mr.,Mrs., Miss, Ms. or Dr. may be added or omitted without affecting the validity of the proxy.

(d) The addition of an address different from that appearing on the stock ledger shall not void the proxy.

(e) Where the surnames of two or more joint owners are identical they need not be repeated in the signature: for example, stock registered in the name of "John Jones and Mary Jones" shall be valid if the proxy is signed as "John and Mary Jones" or as "John Jones and Mary."

2. Proxies need not be dated to be valid.

3. If a stockholder gives proxies to each of the contending parties in the proxy contest and proxies running to each bear execution dates, then as between those proxies, the proxy bearing the latest date shall prevail.

4. If the latest dated proxy running to each party bears the same execution date then the envelopes in which the proxies were received shall be examined and the proxy whose corresponding envelope has the later dated postmark shall prevail and, if in such instance the postmark dates are likewise the same, the proxy related to the postmark stamped PM shall be deemed later than the proxy related to the postmark of the same date stamped AM.

5. If the proxy running to one party is dated and a conflicting proxy running to the other party is undated, the undated proxy shall be deemed to bear an execution date as of the postmark date of its accompanying envelope, if any, and the proxy bearing or deemed to bear the latest execution date shall prevail.

6. Where a proxy shows on its face that it has been postdated (i.e. where the postmark date is earlier than the execution date) or the date is illegible or clearly erroneous, it shall be deemed dated as of the postmark date.

7. A dated proxy, or an undated proxy with an envelope bearing a postmark date, shall be deemed to be later dated than an undated proxy with no envelope.

8. The fact that an executed proxy ~~card~~ has no name, address or number of shares stenciled or printed thereon shall be immaterial provided that the signature is deemed legible by the Inspectors.

9. Except in the case of brokers, a proxy representing shares registered in the name of a corporation, association, church, religious, educational, charitable, fraternal or social organization, foundation, society, or governmental unit must be signed by an officer or other person purporting to act in an official capacity in behalf of such shareholder and when signed shall not be invalid by reason of the form of signature, in the absence of evidence or lack of authority of such person to act. No corporate seal, attestation, or copy of by-laws or resolution conferring authority is necessary. Where the stockholder's name appears on the face of the proxy, failure to repeat such name as part of the signature will not invalidate the proxy. ~~A proxy signed merely in the name of the stockholders described in this paragraph, but without the manual signature of an individual purporting to act on behalf of such stockholder, is presumptively invalid.~~

10. Where shares are registered in the name of a partnership, proxies signed in the partnership name only, or in the partnership name by a general partner or other person purporting to act with authority, or by a general partner only, shall be valid by reason of the form of signature in absence of evidence that the signature was made without authority.

11. Where shares stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two or more persons have the same

fiduciary relationship respecting the same shares, the proxy executed by one of such persons in his name only shall be sufficient provided there is no evidence of disagreement between such persons. In the event that such evidence is present, as in the case of a proxy signed by another such person and running to the other of the contending parties in the proxy contest, the written agreement, if any, which governs the manner in which such shares voted shall control if presented prior to the closing of the polls. If no such agreement is presented during that period the vote of the majority in number of such persons voting shall control. If there be no such majority, or if there be two such persons each of which has executed a proxy running to different contending parties in the proxy contest, the shares shall, for the purposes of voting, be divided equally among such persons who voted.

12. Where shares are registered in the name of a minor or in the name of a minor under the guardianship of a designated person or in the name of a person designated as a guardian, a proxy executed by the minor shall be invalid and shall not be counted as a vote cast unless there is some indication that the minor has reached his majority.

13. Where shares are registered in the name of a fiduciary, a proxy signed by the registered stockholder, without indicating his fiduciary status, shall be presumptively valid.

14. (a) A proxy executed by a person purporting to be acting in any representative or fiduciary capacity shall be deemed valid without the necessity of proof of appointment or proof of the death of the registered holder.

(b) Where stock is standing in the name of a person, firm or corporation and there is an indication from the manner in which such stock is registered that such person, firm or corporation is holding that stock in any representative or fiduciary capacity, a proxy may be executed by such person, firm or corporation and shall be acceptable even though the capacity in which the proxy was signed is not set forth.

(c) In the case of (a)-(b) of this section, if the authority so to sign the proxy is challenged the person making such a challenge must present proof of lack of capacity.

15. A stockholder, including a broker, may not be credited with more shares than are registered in his name, or the combined total registered in the successor firm or corporation including all its or their various predecessors.

16. In determining the validity of the execution of proxies the Inspectors shall be governed by these Presumptions to the extent applicable. The Inspectors shall have the power to interpret and construe these Presumptions.

17. Notwithstanding any previous provision herein:

(a) A nominee proxy may be signed in the name of the nominee as registered, whether an individual, partnership or corporation, without requiring the signature of

an individual as a partner or as an officer.

(b) Where (1) the total number of shares represented by proxies submitted by a single nominee exceeds the total number of shares registered in the name of such nominee, or (2) any one or more proxies submitted by a single nominee do not specify a designated number of shares, or (3) any other inconsistency or ambiguity exists in the opinion of the Inspectors with respect to the number of, or manner in which, shares are voted by a nominee, the Inspectors shall procure a written, telegraphic or telephonic statement from such nominee, as the Inspectors deem appropriate and after receiving and considering such information the Inspectors shall determine the manner in which the proxies shall be voted by such nominee.

18. Notwithstanding any previous provision herein:

(a) All proxies received from a broker, which specify a designated number of shares, will be counted regardless of date, provided (1) the total number of shares represented by such proxies does not exceed the total number of shares registered in the name of such broker, and (2) no proxy or proxies revoke any prior proxy or proxies by specific language in addition to that appearing on the printed proxy forms. To the extent any such proxies shall, by specific language in addition to that appearing on the printed proxy forms, revoke any prior proxy or proxies, such revocation shall be given effect.

(b) Where (1) the total number of shares represented by proxies submitted by a single broker exceeds the total number of shares registered in the name of such broker or (2) any one or more proxies submitted by a single broker does not specify a designated number of shares, or (3) any other inconsistency or ambiguity exists, which in the opinion of the Inspectors with respect to the number of, or manner in which, shares are voted by a broker, the Inspectors shall procure a written telegraphic or telephonic statement from such broker, as the Inspectors deem appropriate, and after receiving and considering such information, the Inspectors shall determine the manner in which the proxies shall be voted. Notwithstanding anything herein contained, in the absence of other ambiguity, a broker proxy which does not specify a designated number of shares shall be valid for the number of shares registered in the name of such broker where the number of shares so registered does not exceed 500.

(c) Brokers' proxies may be signed in the name of the broker as registered, whether an individual, partnership or corporation, without requiring the signature of an individual as a partner or as an officer.

19. Where appropriate herein, the use of the word "proxy" shall be deemed to include the words "ballot" and "revocation".

20. These Presumptions shall apply only to the proxies and ballots of the Company and Liquifin.

MUDGE ROSE GUTHRIE & ALEXANDER

20 BROAD STREET

NEW YORK, N.Y. 10005

212-422-6767

JOHN H. ALEXANDER
GEORGE F. ANDERLEGG, JR.
ELISH ANSNES
ARTHUR F. BECKER
MILTON BLACK
WALTER F. BRIEN
H. RIDGELY BULLOCK
WILLIAM H. CANNON
NICHOLAS J. CAPOZZOLI, JR.
J. D. CLAYTON
THOMAS S. CURRIER
JOSEPH C. DALEY
GOLDTHWAITE H. DORR
THOMAS W. EVANS
RICHARD S. FARROW
ROBERT E. FERDON
JAMES O. FRANGOS
GERRIT GILLIS
GERALD B. GREENWALD
(D.C. BAR ONLY)
RANDOLPH H. GUTHRIE
MATTHEW G. HEPOLD, JR.
JOHN J. KIRBY, JR.
WILLIAM B. LANDIS
WILLIAM B. LAWLESS
FRANKLIN B. LINCOLN, JR.
WILLIAM A. MADISON
ARTHUR J. MAHON
FRANCIS X. MALONEY
RICHARD H. NICHOLLS
RICHARD S. RITZEL
MILTON C. ROSE
NORMAN M. SEGAL
HARRY G. SILLCOCK, JR.
HENRY ROOT STERN, JR.
JAMES P. TANNIAN
ARNOLD H. TRACY
DONALD J. ZOELLER

JOHN T. TRIMBLE
COUNSEL

1701 PENNSYLVANIA AVE., N.W.
WASHINGTON, D.C.
202-298-5070

12, RUE DE LA PAIX
75002, PARIS, FRANCE
742-05-00

CABLE ADDRESS
BALTUCHINS-NEW YORK

TELEX 127669

HAND DELIVERY

June 21, 1974

Arnold S. Jacobs, Esq.
Shea Gould Climenko & Kramer
330 Madison Avenue
New York, N.Y. 10017

Re: Ronson Proxy Fight

Dear Mr. Jacobs:

Referring to Leonard Gordon's letter of June 21th we have executed on behalf of Liquifin, and I enclose herewith, both copies of the Addendum to Agreement which you submitted.

Please execute both copies and return one copy by our messenger who will wait.

I should also appreciate your hand delivering a Xerox copy of the signed Agreement to Mr. Mead at Corporation Trust Company.

Very truly yours,

Milton Black

MB/ed

Enclosures
as Indicated

COPY

ADDENDUM TO AGREEMENT made as of the 13th day of June, 1974 by and on behalf of Ronson Corporation ("Management" or "Company") and Liquifin A.G. ("Liquifin").

The parties agree that they have reached and adhere to the following further understanding:

1. Neither party shall make any public announcement or give any publicity to the unofficial tallies of the Inspectors' results of the voting.

2. The parties shall announce the final tabulation of Inspectors in court at a hearing before the Hon. Charles Tenney to be sought on the day or the day after such final tabulation is ready.

3. The parties shall try to prevent any public announcement or publicity until the announcement as provided in paragraph 2 above, provided this shall not prevent any announcement (1) which counsel advises is legally required to be made; or (2) in response to publicity not inspired by the party making the announcement.

4. The examination of proxies and ballots, etc. referred to in Section 10 of such agreement dated June 13, 1974 shall begin on Monday, June 24, 1974.

5. This addendum shall not modify or amend any other provisions of the aforesaid agreement dated June 13, 1974.

RONSON CORPORATION

By Shea Gould Climenko & Kramer

By _____

LIQUIFIN A.G.

By Mudge Rose Guthrie & Alexander

By _____

SHEA GOULD CLIMENKO & KRAMER
330 MADISON AVENUE
NEW YORK, NEW YORK 10017

June 26, 1974

MUDGE ROSE GUTHRIE & ALEXANDER
FOR
RECEIVED
JUN 27 1974
Referred to ... by
Answered
File

Milton Black, Esq.
Mudge Rose Guthrie & Alexander
20 Broad Street
New York, New York 10005

Re: Ronson Proxy Fight

Dear Milton:

This is to confirm our conversation of today regarding scheduling as follows:

1. Presentation of arguments to Inspectors - July 1.
2. Rulings of Inspectors - July 2.
3. Final certificate of Inspectors - afternoon of July 8.
4. Court hearing in front of Judge Tenney and announcement of results - July 9.

Judge Tenney has set the court hearing for the announcement and consideration of further proceedings in the action for 10:00 a.m. on July 9, 1974.

If the foregoing is in accordance with our understanding, would you please initial the copy of this letter and return to me.

Sincerely,

C. Leonard Gordon

CLG:ek

P.S. In view of this schedule, the Annual Meeting will be adjourned to July 10, 1974, Robert Treat Hotel, Newark, New Jersey at 10:30 a.m.

HAND DELIVERY

June 28, 1974

C. Leonard Gordon, Esq.
Shea Gould Climenko & Kramer
330 Madison Avenue
New York, N. Y. 10017

RE: LIQUIFIN - RONSON PROXY CONTEST

Dear Leonard:

This is to confirm the arrangement for presentation of arguments to the Inspectors to commence at 2:00 P.M. on July 1, 1974.

In accordance with our telephone coversation, I am arranging for a Court Stenographer to be present at the Meeting with the Inspectors on July 1, 1974, who will furnish the transcript simultaneously to both parties, the total expense therefor to be divided equally between the parties.

Sincerely,

Milton [illegible]

MD/sd

cc. Messrs. John P. Mead
Laurence Bloom
The Corporation Trust Company
of New York
Room 1631
Hotel Belmont Plaza
New York, N. Y.

Enclosed By	Mailed By	Delivered By	Delivery No.

HAND DELIVERY

June 28, 1974

Messrs. John P. Mead
Lawrence Bloom
The Corporation Trust Company
of New York
Room 1631
Hotel Delmont Plaza
New York, N. Y.

RE: LIQUIFIN - RONSON PROXY CONTEST

Gentlemen:

Pursuant to my telephone conversation with Mr. Bloom, I enclose herewith copy of my letter of this date to C. Leonard Gordon, Esq., of Shea Gould Climenko & Kramer indicating our agreement which, I understand, is satisfactory to you that the presentation of arguments to the Inspectors commence at 2:00 P.M. on July 1, 1974.

I also enclose for your information, copy of letter agreement between Mr. Gordon and myself on the overall remaining schedule under the Ground Rules Agreement of June 13, 1974, as amended.

Sincerely,

MB/sd

Enclosures
as Indicated

Enclosed By	Mailed By	Delivered By	Delivery No.

SHEA GOULD CLIMENKO & KRAMER
330 MADISON AVENUE
NEW YORK, NEW YORK 10017

June 26, 1974

MUDGE ROSE GUTHRIE & ALEXANDER
FOR
RECEIVED
JUN 27 1974
Referred to ... by ...
Answered
File

Milton Black, Esq.
Mudge Rose Guthrie & Alexander
20 Broad Street
New York, New York 10005

Re: Ronson Proxy Fight

Dear Milton:

This is to confirm our conversation of today regarding scheduling as follows:

1. Presentation of arguments to Inspectors - July 1.

2. Rulings of Inspectors - July 2.

3. Final certificate of Inspectors - afternoon of July 3.

4. Court hearing in front of Judge Tenney and announcement of results - July 9.

Judge Tenney has set the court hearing for the announcement and consideration of further proceedings in the action for 10:00 a.m. on July 9, 1974.

If the foregoing is in accordance with our understanding, would you please initial the copy of this letter and return to me.

Sincerely,

Leonard

C. Leonard Gordon

CLG:ek

P.S. In view of this schedule, the Annual Meeting will be adjourned to July 10, 1974, Robert Treat Hotel, Newark, New Jersey at 10:30 a.m.

Title

4821-3-6

HAND DELIVERY

June 28, 1974

C. Leonard Cordon, Esq.
Shea Gould Climenko & Kramer
330 Madison Avenue
New York, N. Y. 10017

RE: LIQUIFIN - RONSON PROXY CONTEST

Dear Leonard:

This is to confirm the arrangement for presentation of arguments to the Inspectors to commence at 2:00 P.M. on July 1, 1974.

In accordance with our telephone coversation, I am arranging for a Court Stenographer to be present at the Meeting with the Inspectors on July 1, 1974, who will furnish the transcript simultaneously to both parties, the total expense therefor to be divided equally between the parties.

Sincerely,

Milton Black

MB/sd

cc: Messrs. John P. Mead
Lawrence Bloom
The Corporation Trust Company
of New York
Room 1631
Hotel Belmont Plaza - Lexington & 49th St.
New York, N. Y.

Enclosed By	Mailed By	Received	Delivery No.
			07189

western union

RECEIPT

OFFICE DATE TIME STAMP

Received $ 13.20 for telegraph service

To NYK

THE WESTERN UNION TELEGRAPH COMPANY

By DOREEN GONDRA

WU 4178 E (R 10-69)

western union

Telegram

NO. WDS.	CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	☐ OVER NIGHT TELEGRAM UNLESS BOX ABOVE IS CHECKED THIS MESSAGE WILL BE SENT AS A TELEGRAM

Send the following message, subject to the terms on back hereof, which are hereby agreed to

JULY 5, 1974

TO JOHN P. MEAD AND LAWRENCE BLOOM
INSPECTORS OF ELECTION, RONSON CORPORATION
ANNUAL MEETING
C.T. CORPORATION SYSTEM
STREET & NO. 277 PARK AVENUE
CITY & STATE NEW YORK, N.Y. 10017

CARE OF OR APT. NO.
TELEPHONE
ZIP CODE

WITH RESPECT TO THE BALLOT CAST BY THE UNDERSIGNED AS PROXY FOR SHARES OF FINBOW & CO. AT THE ANNUAL MEETING OF RONSON CORPORATION COMMENCED ON JUNE 13, 1974, YOU ARE HEREBY NOTIFIED AS INSPECTORS THAT THE SAID SHARES OF FINBOW & CO. ARE TO BE VOTED IN NUMBER AND MANNER SO AS TO ENSURE THAT CANDIDATES ORESTE MARFUGGI AND DONALD J. ZOELLER SHALL EACH RECEIVE THE VOTE OF A LARGER NUMBER OF TOTAL SHARES THAN ANY OF CANDIDATES WILLIAM T. CAHILL, JAMES C. MALONE, JOHN R. MARKLEY, PHILIP MARFUGGI, CHARLES E. McCARTHY, SAUL H. WEISMAN AND DAVID A. (SONNY) WERBLIN. THE PROXIES HEREBY RESERVE THE RIGHT TO HAVE LIQUIFIN'S ATTORNEYS, ACTING ON BEHALF OF THE PROXIES AT MONDAY'S MEETING WITH YOU AS INSPECTORS, BASED ON YOUR DETERMINATION AT THAT TIME (AND PRIOR TO EXECUTION OF YOUR FINAL REPORT AND CERTIFICATE) OF THE TOTAL SHARES TO BE VOTED BY THE INDIVIDUALS NAMED AS PROXIES BY RONSON MANAGEMENT AND LIQUIFIN A.G. RESPECTIVELY, DESIGNATE THE EXACT MANNER IN WHICH THE VOTE OF SAID FINBOW & CO. SHARES IS TO BE INCLUDED IN YOUR FINAL REPORT AND CERTIFICATE.

PHILIP MARFUGGI, PROXY

SENDER'S TEL. NO. NAME & ADDRESS

WU 1207 (R 5-69)

EXHIBIT B1

western union telegram

D+
1202AMOSE WX

1202AM PARIS+
WASHOSE WX

WJ INFOMASTER 1-311715Z165 07/05/74
TWX PARSTNY WSH
2342 635 WASHINGTON D C JULY 5 1974
TLX 12-7359 ADDAMOSE WX
ATTN MR PHILIP HAMPSON PROXY
CF

TWX WU 522 9334
WITH RESPECT TO THE BALLOT CAST BY THE PROXIES FOR SHARES OF
FINLOW & CO. AT THE ANNUAL MEETING OF ADDISON CORPORATION
CONVENED ON JUNE 13 1974 YOU ARE HEREBY INSTRUCTED AND AUTHORIZED
TO NOTIFY THE INSPECTORS THAT THE SAID SHARES OF FINLOW & CO
ARE TO BE VOTED IN FAVOR AND AGAINST SO AS TO ENSURE THAT CANDIDATE
JESSE HARPOOL AND DONALD O ZOELLER SHALL EACH ACHIEVE THE VOTE
OF A LARGER NUMBER OF TOTAL SHARES THAN ANY OF 3 NOMINATES
NAMELY J CAHILL, JAMES C ARLONS, JOHN R TRASLEY, PHILIP HAMPSEN,
CHARLES E HOWARTH, PAUL I WEISMAN AND DAVID A (SONNY) WERKLEY
YOU ARE FURTHER INSTRUCTED AND AUTHORIZED TO RESERVE THE RIGHT
TO HAVE JAMES, ROSE, GUERIN AND ALEXANDER PRIOR TO THE INSPECTOR'S
FINAL REPORT AND CERTIFICATE AS TO THE TOTAL SHARES TO BE VOTED
WITH PROXIES FOR MANAGEMENT AND LEDDIFIN A G RESPECTIVELY
DESIGNATE THE EXACT MANNER IN WHICH THE VOTE OF SAID FINLOW & CO
SHARES IS TO BE INCLUDED IN THE INSPECTOR'S FINAL REPORT AND
CERTIFICATE FINLOW & CO
BY JAMES S REID PARTNER

JJJJ
TLTA SDT
+
WASHOSE WX

EXHIBIT 52

RONSON CORPORATION

ANNUAL MEETING OF STOCKHOLDERS JUNE 13, 1974

INSPECTORS REPORT

We, The Subscribers, The Inspectors appointed by the presiding officer at the Meeting of the Company this 13th day of June, 1974, do report that, having taken the oath impartially to conduct the voting, we did receive the votes of shareholders by proxy and by ballot, and we report that the following were the number of votes of shareholders received for the following items on the ballot:

With regard to the election of directors for the ensuing year, the following nominees each received the number of votes set forth opposite their respective names, to wit:

Louis V. Aronson II	2,255,525
Jerome J. Blumberg	2,255,387
Morrill J. Cole	2,255,525
A. Lester Granet	2,255,525
Gilbert MacKay	2,255,525
Morton A. Siegler	2,255,387
Justin P. Walder	2,255,525
William T. Cahill	1,811,447
James C. Malone	1,811,585
John R. Markley	1,811,585
Oreste Marfuggi	1,811,447
Philip Marfuggi	1,811,447
Charles E. McCarthy	1,811,447
Saul H. Weisman	1,811,447
David A. Werblin	1,811,447
Donald J. Zoeller	1,811,447
FOR the ratification of Auditors for the year 1974	2,149,606
AGAINST the ratification of Auditors for the year 1974	22,818

All of which is respectfully submitted this 8th day of July 1974.

JOHN P. MEAD

LAWRENCE BLOOM

EXHIBIT C

Meeting with Inspectors - July 8, 1974

1. Request Inspectors to announce adjusted figures resulting from their Rulings made on July 2, 1974.

2. The ballots cast at the annual meeting on June 13, 1974 were submitted subject to later instructions to be given to the Inspectors as to the exact manner in which the vote of the nominee Finbow & Co. was to be included in the Inspectors' Report as to the results of the election of directors.

Under date of July 5, 1974, the Inspectors were notifed by telegram from the proxy that the Finbow & Co. shares are to be voted in number and manner so as to ensure that candidates Oreste Marfuggi and Donald J. Zoeller shall each receive the votes of a larger number of the total shares voted for directors than any of candidates William T. Cahill, James C. Malone, John R. Markley, Philip Marfuggi, Charles E. McCarthy, Saul H. Weisman and David A. (Sonny) Werblin. The telegram further instructed that the proxies reserved the right to have us as attorneys, acting on behalf of the proxies at this meeting, designate the exact manner in which the vote of the Finbow & Co. shares is to be included in the Inspectors' Final Report and Certificate, in the light of the Inspectors' determinations just announced.

I request that the Inspectors now permit us to cancus for a short time, and we will return with the instructions as to the completion of the ballot as the same is to be included in the vote to be reported in the Inspectors' Final Report and Certificate.

3. As to the ballot submitted by the Liquifin proxies, the ballot should be marked as followed:

William T. Cahill	1,559,776
James C. Malone	1,559,776
John R. Markley	1,559,776
Oreste Marfuggi	1,559,776
Philip Marfuggi	1,559,776
Charles E. McCarthy	1,559,776
Saul H. Weisman	1,559,776
David A. (Sonny) Werblin	1,559,776
Donald J. Zoeller	1,559,776

The ballot as so marked will reflect the manner in which the 1,559,776 shares of Finbow & Co. are to be so voted.

EXHIBIT D

I should like the Inspectors to confirm that such marking of the ballot will result in their Final Report and Certificate showing candidates Oreste Marfuggi and Donald J. Zoeller as receiving the votes of a total number of shares larger than the votes of shares in favor of candidates Cahill, Malone, Philip Marfuggi, Markley, McCarthy, Weisman and Werblin, and the vote of a total number of shares sufficient to elect said candidates Oreste Marfuggi and Donald J. Zoeller among the nine nominees to be elected as director of Ronson Corporation at the adjourned annual meeting.

4. The Inspectors are hereby requested to issue their report in the light of the foregoing.

dated June 8, 1974

Mudge Rose Guthrie & Alexander

By Milton Block, a partner

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

RONSON CORPORATION,	:	
Plaintiff,	:	74 Civil 2488 (C.H.T.)
-against-	:	
LIQUIFIN AKTIENGESELLSCHAFT, et al.,	:	AFFIDAVIT
Defendants.	:	

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

ARTHUR F. LONG, being duly sworn, deposes and says:

1. I am the President of D. F. King & Co., Inc. which has rendered advisory and proxy solicitation service to Liquifin and the New Directors For Ronson Corporation in connection with the recent proxy contest involved herein.

2. In the course of my experience with D. F. King & Co. I have personally been involved in over 70 proxy contests for control of various corporations throughout the United States.

3. In the present proxy contest, Ronson indicated in its proxy statement to all Ronson shareholders that the Ronson Board had determined that there would be nine directors of Ronson elected for the coming year, but that the Ronson management would nominate only seven persons for election to the Ronson Board. Ronson's management further indicated that it would not vote any proxies solicited by it for the other two seats, but would leave this decision to Liquifin. In a letter to all Ronson shareholders dated May 31, 1974, Ronson's management stated:

"Management will not vote your proxies for the two remaining seats. In view of the size of Liquifin's shareholdings we have not nominated directors for these two seats; we leave to Liquifin its decision to vote its shares for these two seats on the Board."

4. In view of these circumstances and in accordance with D. F. King's well-established procedures, I took appropriate steps to ensure that, should Liquifin fail to elect its entire slate, the right of Liquifin to elect the candidates of its choice to the two remaining seats would be preserved. I was aware of the fact that if the shares which Liquifin was entitled to vote were voted equally for all nine of its candidates there might be no way to determine which two would be elected in the event that Ronson's seven candidates were elected to the Board. On the other hand I knew that it was possible that some shareholder or shareholders might vote some shares (the number which would be impossible to determine prior to a preliminary count by the Inspectors of Election) for some, but not all, of the nine Liquifin nominees. Finally I realized that if Liquifin were to allocate a large number of the shares it was entitled to vote to two of its candidates before a preliminary count by the Inspectors was known to it, there was the risk that in a close election this might result in failure to elect all of its candidates who might otherwise have been elected. Accordingly, in order to avoid the foregoing risks, I determined that the only appropriate course would be for Liquifin to withhold designation of the number of shares it would vote for each of its candidates until a preliminary count had been made by the Inspectors.

5. Therefore, in accordance with my usual practice, I approached John P. Mead, one of the Inspectors of Election just prior to the Ronson Annual Meeting on June 13, 1974 for the purpose of insuring that the Liquifin ballot was in proper form and acceptable to the Inspectors and that he and I were in agreement on the manner in which the ballots for the election of Liquifin's slate of candidates for directors of Ronson Corporation would be treated so as to allow Liquifin to have its choice of two candidates to the Ronson Board if the entire Liquifin slate were not elected. In such connection I did the following:

(a) I showed Mr. Mead the Finbow proxy as well as the master ballots of the persons designated as the Liquifin proxies.

(b) I informed Mr. Mead that there were nine directors to be elected but that Ronson management had committed itself to vote for only seven nominees and that there was no provision for cumulative voting.

(c) I informed Mr. Mead that I wished to submit the Liquifin ballot in blank so that in the event that Liquifin were unsuccessful in the proxy contest it would be able to designate the two candidates of its choice to serve on the Board of Directors of Ronson.

(d) Since the ground rules agreement between Liquifin and the Ronson management provided that a preliminary count was to be given by the Inspectors to both sides, I told Mr. Mead that I intended to reserve the right to designate Liquifin's choice of the two nominees to be elected (in the event that the New Directors For Ronson lost the election) until the preliminary count was received, after which I would designate on the

ballot submitted at the meeting in blank the number of shares to be voted for each of Liquifin's candidates.

6. Mr. Mead told me that I would have the right to designate the two directors of Liquifin's choice after the preliminary count was issued by the Inspectors. It was in light of this assurance by Mr. Mead that I submitted the ballots in blank, reserving the right to designate Liquifin's choice until after the preliminary count was known.

_____

ARTHUR F. LONG

Sworn to before me this
9th day of July 1974

_____

Notary Public

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

74 Civil 2488 (C.H.T.)

RONSON CORPORATION,

Plaintiff,

-against-

LIQUIFIN AKTIENGESELLSCHAFT, et al.,

Defendants.

SUPPORTING AFFIDAVITS

MUDGE ROSE GUTHRIE & ALEXANDER

Attorneys for LIQUIFIN A.G.

20 BROAD STREET
Borough of Manhattan New York City
Telephone: HAnover 2-6767

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

RONSON CORPORATION, Plaintiff, -against- LIQUIFIN AKTIENGESELLSCHAFT, et al., Defendants.	:	74 Civ. 2488: CHT ANSWERING AFFIDAVIT

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

MILTON S. GOULD, being duly sworn, deposes and says:

1. I am a member of the firm of Shea Gould Climenko & Kramer, attorneys for plaintiff Ronson Corporation ("Ronson"). I make this affidavit in opposition to the motion of defendant Liquifin Aktiengesellschaft ("Liquifin") for an order which would have the effect of permitting Liquifin to change the ballot it filed at the recent meeting of Ronson stockholders on June 13, 1974 ("the Meeting").

2. The Meeting was the culmination of a proxy contest between Liquifin and the Ronson management. There were nine seats on the Ronson board of directors to be filled at the Meeting. The management proposed a slate of only seven candidates. Liquifin proposed a slate of nine candidates in opposition to management. As is more fully set forth below, the votes cast on June 13, 1974 prior to the closing of the polls were sufficient to elect all seven management candidates, and to elect two of the Liquifin candidates, Messrs. James C. Malone and John R. Markley, who received more votes than any of the other Liquifin nominees.

3. Liquifin states that Messrs. Malone and Markley do not wish to serve as Ronson directors in the present circumstances, and that it wishes to change its ballot in such a way as to elect two different Liquifin nominees, Messrs. Donald J. Zoeller and Oreste Marfuggi. This desire on Liquifin's part gives rise to the present motion.

Liquifin's Contentions

4. As we understand it, Liquifin makes the following contentions:

(a) Liquifin claims that Ronson has somehow made a public commitment to permit Liquifin to "select" the two Liquifin nominees to occupy the two seats on Ronson's board in the event Liquifin's entire slate did not prevail.

(b) Liquifin claims that one of the Inspectors of Election, Mr. John P. Mead of The Corporation Trust Company of New York ("Corporation Trust") somehow made an agreement with a Liquifin representative to the effect that Liquifin could file its ballot "in blank" and later, a month after the closing of the polls, designate the number of shares to be voted for each of its nominees.

(c) Liquifin claims in its memorandum that it has, as a matter of law, the right to change its ballot for any reason at any time prior to the public announcement of the results of the election.

Ronson's Contentions

5. Ronson makes the following contentions:

(a) While the Ronson management deliberately nominated only seven candidates, so that at least two Liquifin candidates would be elected in any event, Ronson never made any commitment that Liquifin could "select" the two candidates; rather, it was at all times clear that the two Liquifin directors would be those receiving the highest number of votes.

(b) Any agreement between Ronson and Liquifin that Liquifin could unilaterally select two directors would have been in violation of the proxy rules, unless certain detailed disclosures were made; in fact, this was the subject of a specific inquiry by the Securities and Exchange Commission ("SEC") at the time of the filing of Ronson management's proxy soliciting material.

(c) That Messrs. Malone and Markley (Liquifin nominees) would refuse to serve despite having received sufficient votes to be elected was not disclosed to shareholders, possibly resulting in a violation of the proxy rules by Liquifin.

(d) Inspector John P. Mead simply did n make the agreement attributed to him;

he could not have made any such agreement without the concurrence of his co-inspector, Lawrence Bloom, and the Ronson management, especially in view of the very specific terms of the written "ground rules" agreement between Ronson and Liquifin dated June 13, 1974; in any event, Liquifin's conduct and the manner in which it cast its votes are completely inconsistent with the existence of any such alleged agreement.

(e) Liquifin's belated effort to change its ballot is not a result of an inadvertent ministerial error in the marking of its ballot as originally filed; Liquifin had more than ample time to determine the manner in which it desired to vote its shares, and made a very deliberate decision as to how to vote them; that it now regrets that decision is not a ground for relief.

(f) Most importantly, Liquifin agreed in writing that after the closing of the polls, "no further voting" would be permitted, and "no further proxies or ballots" could be "accepted or considered by the Inspectors" with exceptions not here relevant.

Summary of Voting Results

6. The final report of the inspectors is attached as Exhibit "C" to the moving affidavit of Milton Black, one of the attorneys for Liquifin. The report shows that five of the seven management nominees each received 2,255,525 votes and that the remaining two management nominees each received 2,255,387 votes. The report also shows that seven of the nine Liquifin nominees each received 1,811,447 votes. Two of the Liquifin nominees, Messrs. Malone and Markley, received slightly more. They each received 1,811,585 votes. Messrs. Malone and Markley thus received 138 more votes than any other Liquifin nominee. The difference is probably represented by the ballot cast by Mr. and Mrs. Hamblen, stockholders from Arizona who were physically present at the Meeting. The Hamblens voted for five members of the management slate, and also for Messrs. Malone and Markley.*

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*Liquifin asserts that the Hamblen ballot is invalid because it included the name of Mr. Edward Patterson as a management candidate. Mr. Patterson was not listed as a candidate in the Proxy Statement, and was not nominated from the floor at the Meeting itself. Moreover, it was expressly stated at the Meeting by Ronson's counsel, in response to a question by Mr. Zoeller, that Mr. Patterson was not a nominee and that the inclusion of his name on the ballot was an error (p. 31). Mr. and Mrs. Hamblen, who were present, made no objection, comment or statement. The inspectors resolved Liquifin's challenge based on the inclusion of Patterson in an eminently sensible manner: they ruled that any votes cast for Mr. Patterson would simply "not be counted since Mr. Patterson was not nominated" (Transcript of Proceedings Before Inspectors, July 2, 1974, p. 74).

The Alleged Promise by
Ronson to Permit Liquifin
to "Select" Two Directors

7. Liquifin points to no commitment by Ronson to the effect that Liquifin would have the right to choose the two persons to act as Ronson directors irrespective of the results of the voting at the annual meeting. It points instead to a number of public statements by Ronson's management concerning its reasons for nominating only seven candidates for director. Those public statements, however, all relate expressly or by implication to the vote of the stockholders. They all make it clear that the two Liquifin directors would be chosen by stockholder vote, and not by Liquifin's "selection". Thus, in its Proxy Statement, Ronson said (p. 2):

> "At the Annual Meeting, the stockholders will elect a Board of nine Directors for Ronson Corporation, to serve for the ensuing year, or until their successors are elected. Proxies given to the Management will be voted for the seven persons named below. All of said nominees are presently serving as Directors of Ronson. Proxies given to the Management will not be voted for the two remaining seats, Management having determined to nominate a slate of seven." (Emphasis Added.)

A copy of the Proxy Statement is attached as Exhibit "1".

8. The matter was referred to again in Ronson's letter to stockholders dated May 31, 1974, a copy of which is annexed as Exhibit "2". Again, it was made clear that the question of the occupancy of the two directorships would be resolved by vote at the Meeting (p. 2):

> "We urge you to vote for Management's seven nominees. Management will not vote your proxies for the two remaining seats. In view of the size of Liquifin's shareholdings we have not nominated directors for these two seats; we leave to Liquifin its decision to vote its shares for these two seats on the Board. We do not know the identity of these nominees, if any." (Emphasis Added.)

9. At the Meeting on June 13, 1974, both Mr. Louis V. Aronson, II, Ronson's President, and also one of Ronson's attorneys, Andrew T. Berry, Esq., made statements concerning the two seats on the board. Both statements are entirely clear that these seats would be filled by the vote of stockholders and not by any other method. Thus, in response to a question from a stockholder, Mr. Aronson said (p. 39):

> ". . . it's for the stockholders to decide whether two of their nominees may serve on the Ronson Board filling out the slate of seven Ronson directors . . . " (Emphasis Added.)

Mr. Berry then made the following statement (p. 40):

> "In a nine person Board of Directors, the management slate will occupy seven seats. Presumably Liquifin/Liquigas has cast its vote and its proxy, if any, for its slate of nine, one would expect, if the Inspectors of Election act the way we expect they will, that the two highest Liquifin/Liquigas nominees will occupy the two seats."

10. I note that Liquifin, in its memorandum, asserts the rights of stockholders other than itself. Liquifin claims that the stockholders have been told that two seats on the Ronson board would be filled by two persons of its selection (p. 6). Liquifin claims that if it is not now permitted to change its ballot the stockholders "will have been deceived" (p. 6). It is Ronson's position that the stockholders were actually given to understand that the two seats on Ronson's board would be filled in accordance with the stockholder vote at the Meeting. Indeed, Liquifin's own proxy statement stated, "The proxies solicited by Liquifin will be voted for all the candidates named below" (p. 2; emphasis added). That is exactly how they were voted. Any change now would violate this representation. It is

respectfully suggested that the stockholders "will have been deceived" if Liquifin is permitted to change the result at this time.

11. The question whether Ronson had made any commitment to Liquifin concerning the two seats on the board was the subject, I am advised, of specific inquiry by the SEC at the time of the filing of Ronson management's proxy soliciting material. As is more fully explained in the accompanying affidavit of Andrew T. Berry, Esq., a member of the firm of McCarter & English, Newark, New Jersey, the SEC seems to have been of the view that an agreement between Ronson and Liquifin as to which Liquifin nominees would fill the two seats, or even an agreement as to how such seats would be filled if other than by stockholder vote at the meeting, would create a violation of the proxy rules, unless adequate disclosures were made. As Mr. Berry points out, he assured the SEC that there was no such agreement. The SEC, of course, has had the opportunity to review and "clear" all of the Ronson management's material. It evidently has not concluded from such material that Ronson made any agreement with Liquifin concerning the filling of the two seats; at least it has not made any such claim to Ronson or its counsel.

12. At the hearing before this Court on July 9, 1974, Mr. Zoeller stated that Messrs. Malone and Markley (p. 12)

> ". . . would prefer not to serve under the circumstances where they are only a minority on a Ronson-controlled board as distinguished from the majority on a Liquifin-controlled board."

I have read all of Liquifin's written communications to stockholders in the course of the proxy contest. At no time did

Liquifin inform the stockholders that Messrs. Malone and Markley would decline to serve unless all nine Liquifin candidates were elected. It is respectfully suggested that any such reservation on their part was a material fact of which the stockholders were entitled to be informed under Rule 14a-9 of the Proxy Rules. Liquifin's proxy statement said that each of its candidates "has consented to serve as a director if elected, and Liquifin does not contemplate that any of the candidates will be unavailable for election as a director" (p. 2). That only two of them might be elected was clearly foreseeable before the meeting. Liquifin's present position raises serious questions as to its veracity.

13. Since the hearing, Liquifin has filed a memorandum, to which it has appended a letter from Mr. Malone and a telegram from Mr. Markley. These communications modify the above-quoted position expressed by Mr. Zoeller. Messrs. Malone and Markley continue to declare themselves "unavailable to be elected," but now make such declaration "subject to the ability of Messrs. Zoeller and Marfuggi to be named as directors representing Liquifin's interest . . ." This modification does not, we urge, alter the conclusion that a material fact has been withheld from the stockholders in Liquifin's proxy soliciting material. If all of the Liquifin nominees intended (subject to the ability of Messrs Zoeller and Marfuggi to be elected) to refuse to serve as "minority" directors even though receiving sufficient votes to be elected, that fact should, we think, have been disclosed.

The Agreement Alleged To Have Been Made By Inspector of Election John P. Mead

14. Liquifin claims that just before the Ronson

stockholders' meeting on June 13, 1974, Mr. Arthur F. Long, President of D. F. King & Co., Inc. (the proxy solicitors employed by Liquifin) had a conversation with one of the inspectors of election, Mr. John P. Mead, an assistant vice president of CT Corporat[illegible] System. Liquifin claims that Mr. Mead made a commitment to Mr. Long to the effect that Liquifin could file its ballot "in blank", and thereafter designate the number of shares to be voted for each of its nominees.

15. Ronson's answering papers upon this motion include an affidavit by Mr. Mead. In it, Mr. Mead states that he did not make the agreement attributed to him, that he could not make any such agreement without the concurrence of his co-inspector and of the management, and that Liquifin's own actions are inconsistent with any such agreement, since its ballot was not in fact filed "in blank."

16. As Mr. Mead's affidavit shows, the proxy given by Liquifin's nominee, Finbow & Co. and filed at the Meeting on June 13 did not give any discretion to the proxy-holders to vote less than all of the shares for any one or more of Liquifin's candidates. It required the proxy-holders to vote <u>all</u> the shares for all nine nominees.

17. Liquifin submitted a ballot stating that its votes were to be counted by the inspectors "per proxies filed." This was not a ballot filed "in blank." Rather, it was a very precise instruction to the inspectors as to how Liquifin's votes were to be counted.

18. We urge that the foregoing, as well as the "ground rules" agreement between Ronson and Liquifin, all of which are fully explained in the Mead affidavit, refute the contention that Mr. Mead made an agreement which would permit Liquifin to change its ballot at this time.

The "Ground Rules" Agreement
Dated June 13, 1974

19. As is customary in contested elections, Ronson and Liquifin entered into a written agreement shortly before the stockholders' meeting. The agreement governs various procedural matters, including the time and manner of voting and the powers and discretion of the inspectors. A copy of the agreement appears as an exhibit to Mr. Black's affidavit.

20. As Mr. Mead's affidavit explains in more detail, the agreement, in paragraph "5", provided that the polls would be closed at 4 P.M. on June 13, 1974 or at such earlier time as discussion might be concluded, and that "thereafter no further voting shall be permitted and no further proxies or ballots shall be accepted or considered by the Inspectors . . . " An exception to this restriction existed for nominee proxies which did not designate the number of shares being voted or contained other material inconsistencies or ambiguities. As Mr. Mead's affidavit shows, there was no question about the ballot filed by Liquifin here, and the obtention of a statement from Finbow was waived by counsel for both sides. Even if there had been a question, the inspectors were required to do no more than obtain such statement from the nominee as they might "deem appropriate" (Presumptions, ¶ 17b). Moreover, the inspectors were given "the power to interpret and construe these Presumptions" (¶ 16).

21. Although Liquifin has repeatedly insisted that what it wants is to "correct" its ballot, the fact is that it does not claim to have made any error in the ballot as originally filed. Nor does it claim that there was any inconsistency or ambiguity in its ballot or proxy. It seems obvious that what Liquifin really wants is permission to change its mind, permission to change its prior vote despite the fact that such vote was quite clear and deliberate. The "ground rules" agreement prohibits this, and makes it quite clear that the inspectors could not permit it. Thus, the inspectors, far from abusing their discretion, acted precisely as they were obliged to act.

22. In its memorandum, Liquifin refers to a number of authorities which it claims stand for the proposition that it is entitled to change its ballot for any reason at any time prior to the announcement of the final result of the election. Our accompanying memorandum shows that in fact Liquifin's authorities merely permit the correction of inadvertent ministerial errors. Most of such authorities, moreover, deal with attempts to correct such inadvertencies within a very short time after the formal closing of the polls.

23. The facts here are different. There is no claim of inadvertent ministerial error. Nor did the attempt at "correction" come immediately after the closing of the polls. It is respectfully urged that Liquifin is bound by the vote it deliberately and carefully cast on June 13, 1974. Under the authorities discussed in our memorandum, we think this would be so even if there had been no "ground rules" agreement. It is even more clearly so, we urge, in view of Liquifin's agreement

that after the closing of the polls, "no further voting" would be "permitted."

WHEREFORE, it is respectfully urged that Liquifin's application should be denied.

MILTON S. GOULD

Sworn to before me this
25th day of July, 1974.

Notary Public

RONALD H. ALEKSTEIN
Notary Public, State of New York
No. 5041731, Qual. in [illegible] Co.
Certificate filed in [illegible] County
Commission Expires March 30, 1976

RONSON

RONSON CORPORATION

ONE RONSON ROAD, WOODBRIDGE, NEW JERSEY 07095

PROXY STATEMENT

TO THE STOCKHOLDERS:

This Proxy Statement is being furnished to you in connection with the solicitation by the Management of Ronson Corporation of the enclosed Ronson proxy for use at the Annual Meeting of Stockholders to be held on June 13, 1974 for the purposes set forth in the Notice of Annual Meeting accompanying this Proxy Statement. If the enclosed Proxy is executed and returned prior to the meeting, it will be voted unless subsequently revoked.

The Corporation had outstanding 4,412,575 shares of Common Stock on May 10, 1974, the record date for the meeting. Each share is entitled to one vote on all matters to come before the Annual Meeting.

The enclosed Proxy may be revoked at any time prior to the voting thereof by notifying the Secretary of the Corporation in writing of the revocation or by filing with the Secretary another executed proxy bearing a later date.

This Proxy Statement is first being mailed to stockholders on or about May 22, 1974.

THREATENED CONTEST FOR CONTROL

The Management of your Corporation has been informed that, in an attempt to take control of Ronson, Liquifin Aktiengesellschaft may engage in a proxy contest to elect an opposition slate of Directors nominated by Liquifin for election at the Annual Meeting.

Liquifin Aktiengesellschaft is a Liechtenstein shell subsidiary of Liquigas, S.p.A., an Italian company. This threatened election contest is, in our opinion, a continuation of Liquifin Aktiengesellschaft's year-long attempt to take control of Ronson.

Since May 31, 1973 Liquifin Aktiengesellschaft has been offering to purchase shares of the Corporation's common stock pursuant to a public tender offer, which expired on May 10, 1974. On May 10, 1974 Liquifin Aktiengesellschaft claimed that it was the beneficial owner of 1,602,981 of such shares, amounting to approximately 36% of the Corporation's common stock; 1,567,527 of Liquifin's shares of Ronson were registered in the name of Finbow & Co., a partnership-nominee of the First National Bank of Washington (D.C.).

RONSON'S BOARD AND MANAGEMENT URGE ALL STOCKHOLDERS TO PROMPTLY *SIGN, DATE* AND *RETURN* THE ENCLOSED **RONSON ORANGE** PROXY CARD. YOUR PROMPT RETURN OF THE PROXY CARD WILL FACILITATE OUR EFFORTS TO PREVENT A TAKEOVER WHICH WOULD, IN OUR VIEW, BE SERIOUSLY CONTRARY TO YOUR BEST INTERESTS.

ELECTION OF DIRECTORS

At the Annual Meeting, the stockholders will elect a Board of nine Directors for Ronson Corporation, to serve for the ensuing year, or until their successors are elected. Proxies given to the Management will be voted for the seven persons named below. All of said nominees are presently serving as Directors of Ronson. Proxies given to the Management will not be voted for the two remaining seats, Management having determined to nominate a slate of seven.

Name of Nominee	Principal Occupation or Employment	First Year as Director	Shares Owned Beneficially as of April 24, 1974 as Reported by the Nominees
Louis V. Aronson II	President and Chief Executive Officer of the Corporation; Chairman of the Executive Committee.	1952	375,522
Jerome J. Blumberg	Executive Vice President and Director of J&J Distributing Co., Millburn, N.J. (wholesale distillery and vintner distributors); Member of the Finance and Executive Commitees; Vice President and Trustee, Kessler Institute for Rehabilitation, West Orange, N.J.	1953	6,767
Morrill J. Cole	Partner, Cole, Berman & Belsky, Attorneys-at-Law, Paterson, N.J.; Assistant Secretary of the Corporation; Member of the Executive Committee.	1969	254
A. Lester Granet	Partner, Granet & Granet (Certified Public Accountants), Union, N.J.; Chairman of Finance Committee; Member of Executive Committee.	1969	3,040
Gilbert MacKay	Chairman, Board of Directors and Chief Executive Officer, MacKay-Shields Financial Corporation, N.Y. (investments and financial services).	1970	1,474
Morton A. Siegler	Chairman of Siegler Construction Co. (General Construction and Real Estate Development), East Orange, N.J.; Chairman of Executive Committee and Director, Restaurant Associates Industries, New York, N.Y.; Member, Board of Directors, Rob Roy, Inc., New York, N.Y.	1971	3,309
Justin P. Walder	Partner, Schapira, Steiner & Walder, Attorneys-at-Law, Newark, N.J.; Assistant Secretary of the Corporation; Member, Board of Trustees, Beth Israel Medical Center, Newark, N.J.	1973	2,200

Management does not believe that any of the nominees named above will be unable to serve as a Director for any reason; but, if that event should occur prior to the meeting, the proxy holders reserve the right to substitute another person of their choice as nominee in his place and stead.

Reference is made to Exhibit A for certain additional information with respect to the nominees named above.

RONSON'S SUCCESSFUL WORLD-WIDE TEAM OF PROVEN MANAGERS

Your corporation was incorporated in 1928 as successor to a business originally founded in 1895, and it has been a public company for 45 years, since 1928. Ronson has built up an international brand name, and in our opinion, has capitalized on that name in its program of growth through diversification initiated in 1954. Today, Ronson is a multinational company with eight wholly-owned foreign subsidiaries and seven wholly-owned domestic subsidiaries located throughout the United States. We believe the successful operations of Ronson reflect the abilities of Ronson's managers world-wide. The number of Ronson employees has approximately doubled over the past fifteen years, to about 6,700 employees today. Since 1958, sales have increased by approximately 263%; sales have grown from $31,771,000 in 1958 to $115,298,000 in 1973.

Net earnings and net sales of Ronson Corporation rose substantially in 1973. Net earnings, after taxes and extraordinary items were $3,096,000 or $.70 per share in 1973, an increase over the 1972 earnings of $1,344,000 (which included a loss of approximately $745,000 for foreign exchange currency translation) or $.30 per share. Net sales in 1973 reached a record high of $115,298,000, up approximately 15% over 1972's sales of $100,663,000.

In 1973 Ronson's earnings from operations (before extraordinary items) rose to $2,963,000, or $.67 per share from $1,873,000 or $.42 per share in 1972, an increase of 59%.

For the First Quarter ended March 31, 1974, net sales were $26,028,000, an increase of approximately 8% over the comparable period last year and net earnings of $622,000 increased by approximately 19% over the comparable period last year.

We believe the above figures reflect the commitment of Ronson's management team to our existing principal policies: future success through product development, diversification, multinational operations, marketing and organization.

The success of Ronson's present management team is demonstrated by the sales, earnings, dividends and other information for the past fifteen years, shown on the next page.

Ronson stockholders should note that the book value is, we believe, conservatively stated because important assets which are part of this book value are worth considerably more than the amounts carried on our corporate financial books. For example, our internationally-known brand name is on our books at $1.00. Our land values are stated in Ronson's books at cost in accordance with generally-accepted accounting principles; yet we believe that these land holdings ($1,300,000 book value in the U.S.A. alone) have a conservative, realizable value far in excess of the value stated on our books.

RONSON 15-YEAR COMPARATIVE FINANCIAL DATA

Dollars (other than per share amounts) in thousands

		Earnings from Operations (1)					Shareholders' Equity (Book Value)		
		Before Taxes	After Taxes		Cash Dividends (2)				Employees
	Sales	Amount	Amount	Per Share (3)	Amount	Per Share (3)	Amount	Per Share (3)	Number
1973....	$115,298	$5,002	$2,963	$ .67	$ 892	$.20	$41,671	$9.45	6,689
1972....	100,663	3,481	1,873	.42	821	.19	39,489	8.94	6,473
1971....	90,977	2,033	1,466	.33	605	.14	39,167	8.81	6,397
1970....	90,047	2,270	851	.19	858	.19	37,040	8.32	7,063
1969....	94,477	1,476	803	.18	1,767	.39	37,286	8.31	7,176
1968....	98,601	6,669	4,384	.97	1,575	.35	38,612	8.53	6,982
1967....	101,281	7,741	5,410	1.21	1,478	.33	36,229	8.10	7,498
1966....	92,548	7,302	5,002	1.14	1,328	.30	31,445	7.17	7,318
1965....	76,387	6,269	4,499	1.04	1,289	.30	27,412	6.36	6,233
1964....	68,873	6,662	3,882	.89	1,195	.28	24,813	5.72	5,402
1963....	62,853	6,354	3,499	.81	974	.23	21,858	5.08	5,241
1962....	54,675	5,780	3,050	.72	948	.22	19,023	4.48	4,480
1961....	48,844	5,008	2,458	.58	914	.21	16,985	3.99	4,164
1960....	41,042	3,769	1,879	.47	858	.21	14,690	3.67	3,686
1959....	36,818	2,606	1,456	.36	862	.21	13,784	3.43	3,314

NOTES:

(1) Excludes extraordinary gain and (loss) in year 1967—($106,000), 1968—($944,000), 1971—$1,294,000, 1972—($529,000), 1973—$133,000. As required by A.P.B. Opinion No. 30, adopted in 1973 by the American Institute of Certified Public Accountants, the Company has changed its presentation of foreign exchange currency translation gains or losses. Such gains or losses are presented for the year 1972 as an extraordinary item, in conformity with the accounting principles then generally accepted, and for the year 1973 are included in determining earnings before extraordinary items, in conformity with A.P.B. Opinion No. 30. The Opinion prohibits restating the 1972 financial statements which reported earnings from operations before extraordinary items of $1,872,703 or $.42 per share (adjusted for 4% stock dividend in 1973); however, had Opinion No. 30 been in effect for 1972, net earnings would have been the same, but earnings from operations before extraordinary items would have been $1,128,126 or $.25 per share as compared to $2,963,241 or $.67 per share for 1973.

(2) Plus stock dividends.

(3) Shares outstanding at year end adjusted for stock dividends and stock splits.

Stockholders should also make reference to the consolidated financial statements of the Corporation for the fiscal year ended December 31, 1973 which are contained in the Annual Report, previously mailed to stockholders.

Management believes that the stockholders of Ronson should carefully review all of the facts, including Ronson's record, before making their decision as to whether they should entrust Ronson's affairs to a Liquifin Aktiengesellschaft slate of nominees.

WHY RONSON CONTINUES TO OPPOSE LIQUIFIN AKTIENGESELLSCHAFT'S ATTEMPTED TAKEOVER

In the opinion of Ronson's Board and Management, control of the Corporation by Liquifin would be harmful to the interests of the Corporation's stockholders, among other

reasons, because Liquifin's purpose in attempting to acquire control over the Corporation has been disclosed only as follows:

> "The Offeror [Liquifin] is making this Restated Offer for the purpose of investment and to acquire control of Ronson. Except as described above with respect to the capital stock or activities of subsidiaries of Ronson engaged in aviation, communications and defense contracting, neither the Offeror nor Liquigas has any plans or proposals to liquidate Ronson, to sell its assets or to merge it with any other person or to make any other major change in its business or corporate structure. After review of Ronson's business, consideration will be given to disposing of any unprofitable or marginally profitable operations, and to expanding Ronson's business into related or unrelated areas, including certain of the businesses in which Liquigas is engaged, such as camping equipment and petrochemicals." Restated Offer to Purchase, January 17, 1974.

Except as set forth above, Liquifin has not disclosed the purposes for which they seek control or in what respect they would change the present policies and goals of Ronson's Management and Board of Directors.

Liquifin's takeover of Ronson would be harmful to the interests of the Corporation and its stockholders, in our opinion, because a Liquifin-controlled Board of Directors would:

- 1. expose Ronson to the possible loss of national defense security clearances necessary to the continued successful operations of the hydraulic subsidiaries;
- 2. run a substantial danger of being forced to divest Ronson Helicopters;
- 3. relegate Ronson to the position of one part in the large network of an Italian conglomerate;
- 4. take the risk of defaulting under the terms of Ronson's favorable 22 million dollar loan.

BACKGROUND OF LIQUIFIN AKTIENGESELLSCHAFT'S TAKEOVER ATTEMPT

The Tender Offer

Liquifin's attempt to take control of Ronson began on May 31, 1973, after months of secret preparation, when it offered to purchase up to 2,200,000 shares or 51% of the common stock of the Corporation which would have given Liquifin voting control over the Corporation. Ronson opposed this takeover attempt and filed an action in the United States District Court on June 5, 1973, because it believed: (1) Liquifin failed to disclose its plans for Ronson; (2) the source of Liquifin's funds was undisclosed; (3) who actually controlled Liquifin was unclear; and (4) the price offered to Ronson's shareholders was inadequate. The Corporation's Management have concluded that as of this date Liquifin has failed in its attempt to purchase a controlling voting interest over the Corporation. Management believes Liquifin may attempt, through an opposition slate of nominees, to achieve at the Corporation's Annual Meeting of Stockholders the control which they were not able to achieve through a tender offer.

The size of Liquifin's interest poses a serious threat to Ronson's efforts to maintain the present Board of Directors and continue Ronson's policies. The voting support of those stockholders who agree with Management's position is necessary to repel that threat.

Litigation Involving the Tender Offer

Acting on its belief that the tender offer should be opposed, Ronson brought an action in United States District Court for the District of New Jersey on June 5, 1973, which resulted in a preliminary injunction against the tender offer, the Court finding that Liquifin's Offer to Purchase failed to disclose material information.

Subsequent to the entry of the preliminary injunction on July 5, 1973, Liquifin failed in three successive attempts to have the preliminary injunction vacated based on amendments to its Offer to Purchase.

On January 16, 1974, after a fifth revision to the Offer to Purchase, the District Court dissolved the preliminary injunction after concluding that a Restated Offer to Purchase satisfied the Court's previous objections which were based on the nondisclosure and misstatements of material information in earlier versions of the Offer to Purchase.

This ruling of the District Court was affirmed by the United States Court of Appeals for the Third Circuit on April 19, 1974.

RONSON WOULD BECOME JUST ONE PART OF LIQUIGAS

Liquifin Aktiengeselleschaft, Liechtenstein, is a wholly-owned shell subsidiary of Liquigas S.p.A. ("Liquigas"), an Italian conglomerate. In our opinion the interests of Ronson would not be the principal concern of Liquigas. In its Annual Report for the year ended December 31, 1972, Liquigas showed assets of 105,738,000,000 Italian lira, or (at the May 8, 1974 exchange rate of 625 Lira to the Dollar) approximately $169,181,000. Of that amount over 72% were assets related to the Italian operations of Liquigas.

As of May 10, 1974, Liquifin's investment in Ronson, based on the purchase of 1,602,981 shares at a price of $8.18 per share pursuant to Liquifin's tender offer, amounts to approximately $13,112,000, plus dealers' commissions. This investment represents less than 8% of what Liquigas claims to be its total assets. In the opinion of the Corporation's Management, and no contrary indications have been made by Liquifin or Liquigas, the Corporation would be only one part of a large conglomerate whose historical basis has been its Italian operations.

Liquigas is not engaged in and has no subsidiaries engaged in productio. or services similar to those of Ronson's hydraulics subsidiaries or Ronson Helicopters, Inc. The sales of these subsidiaries in 1973 amounted to approximately $14,283,000, or approximately 35% of Ronson's U.S. net sales, and approximately 12% of consolidated foreign and domestic sales.

RONSON FACES POSSIBLE LOSS OF DEPARTMENT OF DEFENSE CLEARANCES IN THE EVENT OF FOREIGN OWNERSHIP

National defense security clearances essential to the operation of Ronson's hydraulics subsidiaries may well be lost if Liquifin takes control. The Corporation is engaged in defense contracting through these subsidiaries, which requires security clearance by th Department

of Defense. As a practical business matter such security clearances are also needed to enable these subsidiaries to participate in certain civilian aviation projects and to participate in defense contracting situations where a clearance may be initially required and then dropped. In 1973 Ronson Hydraulic Units Corporation, Duarte, California, and Ronson Hydraulic Units (N.C.) Corporation, Charlotte, North Carolina, accounted for approximately $13,086,000, or 32% of the Corporation's U.S. net sales and approximately 11% of the Corporation's net consolidated foreign and domestic sales, and approximately 24% of the Corporation's pre-tax earnings.

One condition of these Department of Defense security clearances is that Ronson must be controlled by United States citizens. Ronson has been advised by its special counsel, Messrs. Surrey, Karasik & Morse, that it will have substantial difficulty in retaining these security clearances if Liquifin takes control.

Liquifin has stated that it would attempt to satisfy the Department of Defense through voting trust arrangements and revisions in the financial structure of the Corporation and its defense contractor subsidiaries. But Liquifin admits that such arrangements might not be satisfactory:

> "If adequate arrangements cannot be worked out with the Department of Defense, the portion of the business which requires facility security clearances would have to be terminated and related portions of their businesses might be adversely affected, or the Hydraulics Subsidiaries might have to be sold." Restated Offer to Purchase, January 17, 1974.

The danger that such arrangements would not be adequate would obviously be compounded by the election of any Liquifin opposition slate.

RONSON HELICOPTERS FACES POSSIBLE LOSS OF IMPORTANT LICENSES IN THE EVENT OF FOREIGN OWNERSHIP

Licenses essential to the operation of Ronson Helicopters, Inc., your Corporation's subsidiary, also may well be lost if Liquifin takes control. Ronson Helicopters, Inc., is licensed as an air taxi operator by the Civil Aeronautics Board ("CAB") and is deemed to be an air carrier under the Federal Aviation Act. Under that Act such air carriers must be owned or controlled by United States citizens.

In attempting to circumvent these provisions, Liquifin has entered into a complex Voting Trust Agreement, and has sought from the CAB a disclaimer of jurisdiction and exemption from a requirement of CAB approval. The Corporation opposed these applications and Liquifin's position was rejected by the CAB on July 19, 1973. The matter is still pending there.

Management of Ronson has been informed by its special counsel, Messrs. Lichtman, Abeles & Anker, that there is a substantial likelihood that Ronson Helicopters would be found not to be a United States citizen if Liquifin acquires a controlling interest over the Corporation. The result of such an adverse decision would be the forced divestiture of Ronson Helicopters. Such a divestiture would be harmful to the Corporation's stockholders, in our opinion, since Ronson Helicopters' operating results have improved during the past five years. In 1968 Ronson Helicopters showed a loss of $29,000 on sales of $360,000 and in 1973 it showed a pre-tax profit of $29,000 on sales of $1,197,000.

Liquifin has stated:

> "the ability of Ronson to continue to operate Ronson Helicopters' business, if a controlling block of stock is acquired by the Offeror [Liquifin], must be regarded as subject to considerable question. If the CAB does not approve the ownership of Ronson Helicopters under the Trust, the Offeror would seek to cause Ronson to dispose of this subsidiary on the best terms available. Pending such action, it might be necessary for Ronson Helicopters to suspend its operations." Restated Offer to Purchase, January 17, 1974.

As Liquifin itself admits, the Ronson stockholders would be exposed to the potential loss of an improving subsidiary if Liquigas were to obtain control. For this reason alone no Liquifin slate of nominees should be voted into office.

RONSON'S FAVORABLE LONG-TERM LOAN AGREEMENT MAY BE IN JEOPARDY

Ronson is a party to a $22 million Loan Agreement, at extremely favorable interest rates, 6¼%, with the Prudential Insurance Company of America. Any divestiture of the Corporation's helicopter or hydraulics subsidiaries, which could be required by a Liquifin takeover, might constitute an event of default under the Loan Agreement which would allow Prudential to require that the entire loan be repaid immediately. The consequences of such an occurrence would obviously be extraordinarily harmful to the Corporation—if it had to borrow the same amount at present "prime" interest rates, the extra cost to Ronson could approximate $1 million a year!

LIQUIGAS CONTROL OF RONSON COULD LEAD TO POSSIBLY QUESTIONABLE SUPPLY ARRANGEMENTS

One of the substantial purchases each year by the Corporation in connection with its activities is butane gas and other fuels. It is the view of the management of the Corporation that Liquigas presently has the capability to manufacture the butane gas and other fuels packaged and used by Ronson for its flame and gas products. What would be the price to Ronson of such Liquigas products if Liquigas controlled Ronson?

SUMMARY OF REASONS WHY RONSON'S MANAGEMENT NOMINEES SHOULD BE ELECTED

1. The present Ronson Board and Management are a proven team, which has produced record net sales in 1973, and a history of regular earnings and dividends for over 20 years; under their leadership, Ronson has grown through diversified multi-national operations.

2. Liquifin and its affiliates could not buy control of Ronson through a year-long tender offer; now they may attempt to get control of Ronson in a proxy contest.

3. A Liquifin takeover could result in the loss of Ronson's helicopter and successful hydraulics subsidiaries, and a default on Ronson's large loan from the Prudential Insurance Company of America.

4. Liquifin's plans for Ronson have not been disclosed in any detail beyond that set forth in the Restated Offer to Purchase, and remain an unknown factor. In any event, Ronson would end up as only one part of an Italian conglomerate.

REMUNERATION OF OFFICERS AND DIRECTORS

Set forth below are the amounts paid and accrued by the Corporation and its Subsidiaries during 1973 to (1) each Director and each of the three highest paid Officers whose aggregate direct remuneration exceeded $40,000; and (2) all Directors and Officers as a group. Also set forth are pension and retirement benefits proposed to be paid.

Name of Individual or Identity of Group	Capacities in which Remuneration was Received	Aggregate Direct Remuneration	Amount Set Aside or Accrued During Last Fiscal Year	Estimated Annual Benefits Upon Retirement*
Louis V. Aronson II	President, Chief Executive Officer; Director; and Chairman of the Executive Committee of the Corporation; Director of Ronson Products Limited (England)	$150,573	(1)	$49,365
W. J. Kenyon Jones	Vice President of the Corporation; Managing Director of Ronson Products Limited (England)	$ 97,470**	$16,987**(2)	$46,654**
Robert B. Wright	Vice President—Finance and Treasurer of the Corporation	$ 65,833	(1)	$ 8,361
Total of all Officers and Directors as a Group (17 persons including those listed above)		$628,925(3)	(4)	

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* Estimate based on continuation of existence of present plans, retirement at normal date and continuance of present aggregate direct remuneration.

** Based upon an average pound valuation of $2.4578 used in translation of foreign currency into U.S. dollars for the entire year of 1973.

(1) Contributions to the pension plan for employees in the U.S.A. are made on an actuarial basis for eligible employees as a group and not as individuals, so that no specific amount is allocated or set aside for the account of an individual.

(2) Represents annual premium paid in 1973 necessary to provide the estimated annual benefits upon retirement at age 65 shown.

(3) Does not include fees of $13,875 for accounting services rendered by Granet & Granet (Certified Public Accountants), of which A. Lester Granet, a Director, is a partner; nor legal fees of $80,914 paid by the Corporation for legal services rendered by the law firm of Schapira, Steiner & Walder for the year 1973. Justin P. Walder, a partner in that law firm, became a Director on January 25, 1973. Mr. Walder also received $22,917 as an Assistant Secretary, and Mr. Granet received fees of $35,000 as Chairman of the Finance Committee, which amounts are included in the above figure for total compensation paid to all Officers and Directors as a group.

(4) Does not include $50,000 in fees paid to the investment banking firm of Allen & Co. for services rendered. Edward Patterson, who was a Director of the Corporation during 1973, is a Senior Vice President of that firm.

The following table shows as to certain Directors and Officers and as to all Directors and Officers as a group: (i) the stock options granted since the beginning of the Corporation's last fiscal year, (ii) the number of shares acquired since that date pursuant to the exercise of outstanding options, and (iii) the number of shares subject to all unexercised options held as of March 1, 1974.

Name of Individual or Identity of Group	Granted from 1/1/73 to 3/1/74*		Unexercised (and not Expired) at 3/1/74*		Exercised from Prior Plans 1/1/73 to 3/1/74*		
	No. of Shares	Average Per Share Option Price	No. of Shares	Average Per Share Option Price	No. of Shares	Aggregate Option Price of Options Exercised	Aggregate Market Value of Shares on Date Option Exercised
W. J. Kenyon Jones..	—	—	5,408	$5.085	—	—	—
Robert B. Wright	—	—	9,179	$6.04	—	—	—
All Directors and Officers as a Group	6,700	$5.70	55,725	$6.33	—	—	—

* NOTE: All common stock figures and option prices have been adjusted where applicable to reflect all prior stock splits and stock dividends.

RATIFICATION OF SELECTION OF TOUCHE, ROSS & CO., INDEPENDENT PUBLIC ACCOUNTANTS, AS AUDITORS

The Board of Directors of the Corporation has selected the firm of Touche, Ross & Co., Independent Public Accountants, to audit the books and accounts of the Corporation and its subsidiaries for the fiscal year ending December 31, 1974. Touche, Ross & Co. has served as independent auditors of the Corporation for several years. Due to its high reputation in the auditing field and because the Board of Directors is convinced that Touche, Ross & Co. has the necessary personnel, professional qualifications, and independence required, the Board recommends that the stockholders ratify and approve the selection.

Management favors a vote "FOR" the proposal to ratify the selection of auditors.

THE COST OF SOLICITATION

The expenses of preparing, assembling, printing, and mailing the form of proxy and the material used in the solicitation of proxies will be paid by the Corporation. The Corporation may solicit proxies otherwise than by use of the mails, in that certain officers and regular employees of the Corporation without additional expense may use their personal efforts, by telephone, telegraph or otherwise to obtain proxies. In addition, the Corporation has retained the services of Georgeson & Co. for the solicitation of proxies, for which the Corporation will pay a fee estimated at $50,000 including reimbursement for certain expenses actually and necessarily incurred. Georgeson & Co. expects to use approximately 50 of its employees in the solicitation of proxies. To the present time the Corporation has incurred costs of approximately $50,000 in connection with its solicitation of proxies including the fees of its attorneys, and estimates that the total amount to be spent in connection with the solicitation will be approximately $110,000. The Corporation will also request persons,

firms and corporations holding shares in their names, or in the names of their nominees, which are beneficially owned by others, to send proxy material to obtain proxies for such beneficial owners and will reimburse such holders for their reasonable expenses in so doing.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

The Management is not aware of any other matters which may come before the Annual Meeting. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the accompanying form of proxy to vote the proxy in accordance with their judgment on such matters.

IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. PLEASE *SIGN, DATE* AND *RETURN* THE ENCLOSED RONSON ORANGE PROXY IN THE POSTAGE PREPAID ENVELOPE ALSO ENCLOSED.

HARRY L. TEPPER,
Secretary

May 22, 1974

Exhibit A

ADDITIONAL INFORMATION CONCERNING RONSON'S BOARD OF DIRECTORS

Certain information, in addition to that contained in Ronson's Proxy Statement, concerning members of its Board of Directors is set forth below. This information is being furnished to stockholders in accordance with the rules of the Securities and Exchange Commission governing contested proxy solicitations. All of the following information is as of April 29, 1974.

Louis V. Aronson, II. Mr. Aronson, whose business address is Ronson Corporation, One Ronson Road, Woodbridge, New Jersey 07095, purchased 3200 shares of Ronson's Common Stock during the past two years as follows: 600 shares on March 16, 1973; 600 shares on February 6, 1973; 400 shares on July 27, 1972; 100 shares on July 25, 1972; 500 shares on June 28, 1972; 500 shares on June 22, 1972 and 500 shares on June 13, 1972. He has not sold any securities of Ronson during the last two years. There is an employment agreement between Ronson Corporation and Mr. Aronson dated February 21, 1968. Among the provisions of the agreement, approved by the Board of Directors, was a provision for an initial term of three years. Also, there is a clause providing for year to year renewal of the agreement if not terminated according to its provisions.

Jerome J. Blumberg. Mr. Blumberg, whose business address is 16 Bleeker Street, Millburn, New Jersey 07041, has not purchased or sold any securities of Ronson during the past two years.

Morrill J. Cole. Mr. Cole, whose business address is 45 Church Street, Paterson, New Jersey 07505 holds options to purchase 5851 shares of Ronson's Common Stock at a price of $5.98 per share under Ronson's 1966 Stock Option Plan and 541 shares at a price of $5.09 per share under Ronson's 1971 Stock Option Plan. Mr. Cole has not purchased or sold any securities of Ronson during the past two years.

A. Lester Granet. Mr. Granet, whose business address is Granet & Granet, 16 Vauxhall Road, Union, New Jersey, acquired 300 shares of Ronson's Common Stock on October 12, 1972 and 500 such shares on February 5, 1973. Aside from such shares he has not purchased or sold any securities of Ronson during the past two years. Mr. Granet holds options to purchase 5851 shares of Ronson's Common Stock at a price of $5.98 per share under Ronson's 1966 Stock Option Plan and 1622 shares at a price of $5.09 per share under Ronson's 1971 Stock Option Plan.

Gilbert McKay. Mr. McKay, whose business address is 551 Fifth Avenue, New York, New York 10017, has not purchased or sold any securities of Ronson during the past two years.

Morton A. Siegler. Mr. Siegler, whose business address is 7 Glenwood Avenue, East Orange, New Jersey 07017, has not purchased or sold any of Ronson's securities during the last two years.

Justin P. Walder., Mr. Walder, whose business address is 17 Academy Street, Newark, New Jersey 07102, holds an option to purchase 5200 shares of Ronson's Common Stock at a price of $6.01 per share under Ronson's 1971 Stock Option Plan. Mr. Walder has not purchased or sold any of Ronson's securities during the last two years.

Not included in the shares purchased by the foregoing persons are shares received as stock dividends declared and paid to all shareholders of Ronson.

None of the foregoing persons have been, within the last year, a party to any contract, arrangement or understanding with any person with respect to any securities of Ronson, including, but not limited to, joint ventures, guarantees against loss or guarantees of profit, division of profits, or the giving or withholding of proxies, except with respect to Messrs. Cole, Granet and Walder who hold options to purchase shares of Ronson's Common Stock noted above, and Mr. Aronson who is a Trustee under certain trusts. Mr. Aronson is the Trustee under certain trusts which hold shares for the benefit of his children and is Trustee of a family Trust. Upon the death of the last to die of the children of Louis V. Aronson (the deceased grandfather of Mr. Aronson), that family Trust will terminate. Upon termination, the Trust provides that 15,982 shares will be distributed to the Louis V. Aronson II Foundation (of which Mr. Aronson is a Trustee), and the balance to Mr. Aronson. Cash and stock dividends on the Trust shares are distributed in the same proportion. In addition, under highly unlikely circumstances, Mr. Aronson could receive stock as one of many contingent remaindermen under certain other trusts holding Ronson stock.

None of the members of the Board of Directors of the Corporation holds any securities of any subsidiary of Ronson except for qualifying shares and none of them owns any securities of Ronson of record but not beneficially, except for Mr. Walder and Mr. Aronson. Mr. Walder is the record holder of 1,071 shares which he does not own beneficially but holds as Administrator of the Estate of David J. Schapira. Mr. Aronson is the record holder of 19,533 shares which he does not own beneficially but holds as Trustee of various trusts and of the Louis V. Aronson II Foundation.

Except as set forth above with respect to Mr. Aronson's employment contract and the options of Messrs. Cole, Granet and Walder, none of the members of the Board of Directors has any arrangement or understanding with respect to any future employment by Ronson or its subsidiaries or with respect to any future transactions to which Ronson or its subsidiaries will or may be a party, except that the law firm of Schapira, Steiner & Walder, of which Mr. Walder is a partner, has been retained by Ronson Helicopters, Inc. as Special Counsel at the rate of $10,000. per year.

RONSON

Ronson Corporation One Ronson Road Woodbridge, New Jersey

Office of the President

May 31, 1974

Dear Fellow Stockholder:

As we anticipated in our earlier letter to you, Liquifin Aktiengesellschaft, Liechtenstein, a shell subsidiary of Liquigas, S.p.A., Italy, having failed in their tender offer attempt to take over control of Ronson during the last year, has started a proxy contest by proposing its nominees for all nine places on Ronson's Board of Directors.

You should be aware of the following facts about these nominees who have been selected by Liquigas, S.p.A., Italy, to carry out their plan to take over control of your Company:

1. These nominees all acquired their qualifying shares from Liquifin on or after April 24, 1974 for the sole purpose of acting as Liquifin's nominees in attempting to take over control of your Company.

2. These nominees have no personal investment in Ronson except for these qualifying shares, which are an insignificant part of the Ronson stock held by the foreign group which selected them.

3. These nominees have never had any experience with Ronson's complex multinational operations; only one of them has had any business relationship whatsoever with Ronson, and that ended about fourteen years ago. They now propose to oust the entire experienced Ronson Board.

We believe that Liquifin's slate of nominees for Directors should not receive your votes. While these nominees are United States citizens, they have agreed to serve on the slate of the foreign interests attempting to take control of Ronson.

The election of Liquifin's nominees would, in our opinion, seriously harm Ronson Corporation and the investment interest of Ronson Stockholders for these reasons, among others:

1. Ronson Corporation would become just one part of an Italian conglomerate whose principal operations are based in Italy.

2. The foreign citizenship of Liquifin/Liquigas, in our opinion, could possibly cause Ronson to lose U. S. National Defense security clearances essential to the operation of Ronson's important and profitable Hydraulic subsidiaries.

3. Ronson's favorable $22,000,000 long-term loan agreement with the Prudential Insurance Company of America could be deemed in default and require immediate repayment if the foreign control imposed by Liquifin/Liquigas caused divestiture, without Prudential's consent, of Ronson's profitable Hydraulic companies, which in 1973 accounted for about 32% of Ronson's U. S. net sales. If Ronson had to replace the $22,000,000 loan and were able to do so from other sources, at current "prime" interest rates, Ronson would be faced with extra interest costs of approximately $1,000,000 a year.

4. In the event Liquifin takes control, Ronson Helicopters may have to be sold because of Liquifin/Liquigas' foreign citizenship, as more fully detailed in the accompanying Addendum which modifies and supersedes the section of our Proxy Statement relating to Ronson Helicopters and certain proceedings before the Civil Aeronautics Board.

We urge you to vote for Management's seven nominees. Management will not vote your proxies for the two remaining seats. In view of the size of Liquifin's shareholdings we have not nominated directors for these two seats; we leave to Liquifin its decision to vote its shares for these two seats on the Board. We do not know the identity of these nominees, if any.

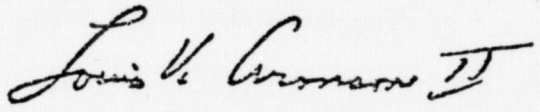
During the course of Liquifin's tender offer, we recommended that you not sell your stock at a price we believe was totally inadequate. We now recommend, DO NOT GIVE THEM YOUR VOTE, which they were unable to obtain by buying your stock.

Although Liquifin has acquired 36.3% of the stock of Ronson—far less than the 51.9% it sought—the size of its holding constitutes a real threat to the continued independence of Ronson's widely diversified and multinational operations. We urgently need the support of each and every one of you, no matter how few or how many shares you own.

We ask you to continue your loyal support which has meant so much to us over the past year, and we urge you to SIGN, DATE AND RETURN THE ENCLOSED RONSON ORANGE PROXY PROMPTLY IN THE ENCLOSED STAMPED ENVELOPE, EVEN IF YOU HAVE PREVIOUSLY SENT RONSON A PROXY.

On behalf of the Board of Directors
of Ronson Corporation

Sincerely,



LOUIS V. ARONSON II
President

IMPORTANT

EVERY VOTE IS IMPORTANT
SIGN, DATE AND RETURN PROMPTLY
THE RONSON ORANGE PROXY

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

RONSON CORPORATION, : 74 Civ. 2488 (CHT)

Plaintiff, :

-against- : ANSWERING AFFIDAVIT

LIQUIFIN AKTIENGESELLSCHAFT, et al., :

Defendants. :

- x

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

JOHN P. MEAD, being duly sworn, deposes and says:

1. I am Assistant Vice President of CT Corporation System ("CT") and Assistant Secretary of The Corporation Trust Company of New York ("Corporation Trust"). I have been requested by counsel for Ronson Corporation ("Ronson") to make this affidavit in connection with the motion of Liquifin Aktiengesellschaft ("Liquifin") for an order which would have the effect of permitting Liquifin to change the ballot it filed at the recent meeting of Ronson stockholders.

2. I have been an employee of Corporation Trust for about fifteen years. I have been an Assistant Vice President for approximately five years. Before that, I held the office of Assistant Secretary. During the entire period of my employment by Corporation Trust, my principal occupation has been to function as an inspector at corporate stockholders' meetings. I am presently in charge of this function on behalf of Corporation Trust throughout the country.

3. Mr. Lawrence Bloom, also an employee of Corporation Trust, and myself served as inspectors at the meeting of Ronson stockholders which commenced on June 13, 1974.

4. There were nine places on the Ronson board of directors to be filled at the election of directors held at the meeting. The management proposed a slate of only seven candidates. Liquifin proposed a slate of nine candidates in opposition to management. I am informed that the Ronson management deliberately nominated only seven candidates so that, in the event the management slate prevailed, nevertheless the two Liquifin candidates receiving the next highest number of votes would still be seated on the board. Thus, even if the Liquifin slate lost, Liquifin as the holder of approximately 36.4% of Ronson's outstanding stock would still have representation on the board.

5. As is more fully explained below, the inspectors, after receiving the votes and resolving challenges, determined that the management slate had received the highest number of votes: 2,255,525 for five of its seven nominees, and 2,255,387 for the remaining two. Seven of the nine Liquifin nominees each received 1,811,447 votes. Two of the Liquifin nominees, James C. Malone and John R. Markley, received slightly more. They each received 1,811,585 votes.

6. I am informed that the present motion arises from the fact that Liquifin desires to elect two of its nominees other than Messrs. Malone and Markley, and from the fact that Messrs. Malone and Markley have a desire not to serve as Ronson directors in the present circumstances.

7. I am informed that Mr. Arthur F. Long, President of D. F. King & Co., Inc., in an affidavit, claims that I made some sort of agreement or commitment to him that Liquifin would have the right to file its ballot "in blank" and later to designate the number of shares to be voted for each of its nominees after the closing of the polls and after the announcement by the inspectors of the preliminary count. I am informed that Mr. Long claims actually to have submitted Liquifin's ballot (in the name of Finbow & Co., a nominee) "in blank" pursuant to such alleged agreement.

8. The fact is that I made no such commitment to Mr. Long. I am surprised that he claims I made such commitment, since it seems clear to me that any such agreement could not possibly be made by one inspector only, or even between the inspectors and only one party to the proxy contest. I would not make any such agreement unless it included not only both inspectors but the management as well as the insurgents. This would appear to be especially so in view of the "ground rules" agreement dated June 13, 1974 between Ronson and Liquifin (the "Agreement"), which agreement governed the manner and time of the casting of votes. The commitment Mr. Long claims I made would appear, on the face of it, to be at variance with the plain terms of the Agreement. Certainly I would have no authority to change the terms of the Agreement without the knowledge and consent of one of the parties thereto.

9. I am informed that in his affidavit, Mr. Long claims that I made the alleged commitment "just prior to the Ronson Annual Meeting On June 13, 1974 . . . " It is true that Mr. Long had a general conversation with Mr. Bloom and me, and with others, shortly before the opening of the meeting. At no

time before the meeting, however, were Mr. Long and I alone together. In fact I was in the company of Mr. Bloom, my co-inspector, at all times between my arrival at the Robert Treat Hotel in Newark (the location of the meeting) and the time I left, including the period before the meeting when Mr. Long claims I made the alleged commitment, with one exception. I have consulted with Mr. Bloom. He has informed me that his recollection is the same as my own, that I did not make the alleged commitment. I am advised that Mr. Bloom has submitted a separate affidavit confirming this. The only time I was out of Mr. Bloom's company was during the meeting itself, when I had to approach Mr. Long, who was seated near the front of the meeting room, to receive the Liquifin ballots and to inform Mr. Long as to the number of shares standing in the name of Finbow & Co. on the certified stockholders list. I made no commitment at that time.

10. It is noteworthy that the actions actually taken by Mr. Long and by Liquifin are, in my view, inconsistent with any agreement such as that alleged to have been made by me. For example, although Mr. Long claims to have submitted Liquifin's ballot "in blank", that is not the way the Liquifin ballots were actually filed. Attached hereto as Exhibit "1" is a copy of the ballot actually cast in order to vote the Liquifin shares held in the name of Finbow & Co. Attached hereto as Exhibit "2" is a copy of the Finbow & Co. proxy. It will be seen from the ballot that the shares were all voted in favor of "All 9 Nominees" proposed by Liquifin. In the space entitled "Number of Shares," the words "Per Proxies Filed" were written. This is a well recognized method of advising the inspectors how many shares are to be voted for each nominee. Such a ballot advises the inspectors that shares are to be counted as being voted in favor of the named

candidates exactly as the proxies previously filed indicate. It is not a ballot filed "in blank."

11. In any event, the Agreement between Ronson and Liquifin appears to preclude Liquifin from changing its ballot. To make this clear it is necessary to set forth a brief chronology of events.

12. The Ronson stockholders' meeting was convened at approximately 2:30 P.M. on June 13, 1974. The polls were declared open, nominations were made, and all proxies and ballots were received by the inspectors. Thereafter, the polls were declared closed.

13. The meeting was adjourned for the purposes of the counting of the votes. Mr. Bloom and I impounded the proxies and ballots, and took them to a previously rented suite at the Belmont Plaza Hotel in New York City. We counted the votes in accordance with the rules set forth in the Agreement and in accordance with our understanding of our functions and duties in any cases not covered by the Agreement. Pursuant to the Agreement, Mr. Bloom and I reported our "unofficial tally" of the results to both sides on or about June 20, 1974. Counsel for both sides then agreed upon a schedule for further events. I am informed that a copy of a letter confirming counsels' agreement is before the Court as an Exhibit to the affidavit of Milton Black, one of the attorneys for Liquifin.

14. In accordance with that agreement, the inspectors heard arguments on challenges to various proxies and ballots by both sides on July 1, 1974. Also in accordance with that agreement, the inspectors announced their rulings upon the challenges on July 2, 1974.

15. The Liquifin representatives had made no statements concerning changing the Liquifin ballot or redesignating the number of shares to be voted for each of its nominees at the time the votes were received or at the time the "unofficial tally" was announced. They made no such statement at the time of the arguments upon challenges on July 1, 1974. They made no such statement at the time rulings were announced on July 2, 1974.

16. On or about July 5, 1974 a telegram addressed to the inspectors and signed with the name of Philip Marfuggi was delivered to Corporation Trust. The telegram stated that the Finbow shares were to be "voted in number and manner so as to ensure that candidates Oreste Marfuggi and Donald J. Zoeller shall each receive the vote of a larger number of total shares" than any of the other Liquifin nominees.

17. The agreement between counsel concerning scheduling, referred to above, provided for the issuance of the final report and certificate of the inspectors on the afternoon of July 8, 1974. On that day, in accordance with the said agreement, Mr. Bloom and I issued our report, a copy of which has been presented to the Court as an Exhibit to Mr. Black's affidavit. At that time, the representatives of Liquifin objected to the issuance of the report, claiming that they had the right to change the ballot filed on behalf of Liquifin. They asserted that I had made an agreement which would permit this. I pointed out that what was being suggested is not uncommon in cumulative voting situations, where proxies are often given the express authority by stockholders, prior to the closing of the polls and during the solicitation of proxies, to cumulate the votes in their discretion. I pointed out that cumulative voting was not involved in this case.

18. Mr. Bloom and I felt obliged to reject the attempt of Liquifin to change its ballot, not only because we had made no agreement permitting this, but also because of the terms of the "ground rules" Agreement. The Agreement expressly provided that no voting would be permitted after the closing of the polls, except in certain specialized circumstances which did not exist here. Paragraph "5" provided:

> "The polls shall be opened immediately after completion of the nominations and the introduction of the proposal on the ratification of the appointment of Auditors for the Company and shall remain open until 4:00 P.M. Newark Time on June 13, 1974, or such earlier time as the discussion on matters to be voted upon has been concluded, and shall thereupon be closed; and thereafter no further voting shall be permitted and no further proxies or ballots shall be accepted or considered by the Inspectors except as provided in the Presumptions." (Emphasis added)

19. The agreement also provided, in paragraph "6,"

> "Prior to the closing of the polls, proxies, ballots and evidence must be delivered to the Inspectors at the Ronson Annual Meeting at the Robert Treat Hotel."

20. These provisions made it clear that we could accept no further proxies or ballots once the polls had closed. The Presumptions did not change our conclusion. The only arguably pertinent section of the Presumptions was contained in paragraph "17(b)," which provided that the inspectors were to procure a written, telegraphic or telephonic statement from a nominee in any case where a proxy submitted by a nominee did not specify a designated number of shares [subparagraph (2)], or in any case where "... any other inconsistency or ambiguity exists in the opinion of the inspectors with respect to the number of, or manner in which, shares are voted by a nominee..." [subparagraph (3)].

21. Here, the Finbow & Co. proxy stated that all the shares it would be entitled to vote, if present, were to be voted by its proxy. The ballot designated the number of shares to be voted by stating "Per Proxies Filed." While a telephone call to Finbow would have been warranted under the Presumptions, solely to verify that it intended to vote all the shares in its name, counsel for both sides waived the call, since there was no question concerning the number of shares Finbow intended to vote. Nor was there any "other inconsistency or ambiguity" in the proxy or ballot submitted on behalf of Finbow and Liquifin. Counsel for Ronson have stated that under a New Jersey statute, which will be referred to in a memorandum to be supplied to the Court, inspectors of elections have discretion to make such a determination as Mr. Bloom and I made with respect to the Finbow proxy and ballot. In addition, the "ground rules" Agreement stated, in paragraph "16,"

> "In determining the validity of the execution of proxies the Inspectors shall be governed by these Presumptions to the extent applicable. The Inspectors shall have the power to interpret and construe these Presumptions."

22. Had Liquifin been permitted to change its ballot, a further problem would have been presented. As above noted, under the agreement between counsel regarding scheduling, challenges were to be presented on July 1, 1974 and rulings were to be made thereon on July 2, 1974. Liquifin did not express any wish to change its ballot until July 5, 1974, after all challenges had been made and resolved to the extent they were within the jurisdiction of the inspectors. Had Liquifin then filed an amended ballot, any right of Ronson's management to interpose a challenge to such ballot might well have been claimed to have been lost.

23. To summarize, I did not make and could not have made any commitment such as that alleged by Mr. Long. Moreover, because of the express language of the "ground rules" Agreement Mr. Bloom and I could not permit Liquifin to change its ballot.

JOHN P. MEAD

Sworn to before me this
26 day of July, 1974.

FREDERICK FARRAN
NOTARY PUBLIC, State of New York
No. 52-6237150
Qualified in Suffolk County
Certificate Filed in New York County
Term Expires March 30, 1976

NEW DIRECTORS

FOR

RONSON CORPORATION

BALLOT

ANNUAL MEETING OF SHAREHOLDERS

June 13, 1974

Name of Shareholder : _____
(please print)

or

Name of Proxyholder : William T. Cahill
(please print) Philip Marfuggi

Number of Shares : Per Proxies Filed

Item # 1 : Election of Directors (Vote for no more than 9); please check :

All 9 Nominees X

William T. Cahill	_____
James C. Malone	_____
John R. Markley	_____
Oreste Marfuggi	_____
Philip Marfuggi	_____
Charles E. McCarthy	_____
Saul H. Weisman	_____
David A. (Sonny) Werblin	_____
Donald J. Zoeller	_____

	For	Against
Item # 2 : Ratification of appointment of auditors for the year 1974.	☐	☐

Per Proxies Filed

[signature]
Shareholder (s) Signature (s)

or [signature]
(Proxyholder's Signature)

Liquifin A. G.

NEW DIRECTORS
FOR
RONSON CORPORATION
(IN OPPOSITION TO THE DIRECTORS PROPOSED BY INCUMBENT MANAGEMENT)

The undersigned holder of Common Stock of RONSON CORPORATION (the "Corporation") hereby authorizes and appoints WILLIAM T. CAHILL, PHILIP MARFUGGI and DAVID A. (SONNY) WERBLIN, or any one or more of them, as Proxies, with full power of substitution in each, to represent the undersigned at the Annual Meeting of Shareholders of the Corporation to be held at the Robert Treat Hotel, 50 Park Place, Newark, New Jersey, at 2:30 P.M., E.D.T., on June 13, 1974, and at any adjournment, and thereat to vote and act with respect to all the shares of Common Stock of the Corporation that the undersigned would be entitled to vote if then personally present on the matters shown below:

1. The election of nine Directors:

FOR [X] ABSTAIN FROM VOTING ☐

2. Ratification of appointment of auditors for the year 1974.

FOR ☐ AGAINST ☐

and in their discretion as to any other matters properly coming before the Meeting.

This Proxy will be voted as specified. If no specification is made above, it will be voted "FOR" the election of new Directors for Ronson Corporation and it will abstain from voting as to the ratification of appointment of auditors.

IMPORTANT: PLEASE SIGN ON REVERSE SIDE, DATE AND MAIL PROMPTLY

PLEASE SIGN HERE

Dated: 6/12, 1974
(Please fill in date)

Finbow & Co

By [signature]

Please sign here (See note below)

NOTE: Please sign exactly as your name or names appear herein. Joint owners should each sign personally. When signing as an attorney, executor, administrator, trustee or guardian, please give your full title as such.

FINBOW & CO
C/O FIRST NATL BK WASHINGTON
1701 PENNSYLVANIA AVE N W
WASHINGTON D C 20006

1,559,776

This Proxy is Solicited on Behalf of New Directors for Ronson by Liquifin A.G.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

RONSON CORPORATION,

Plaintiff,

-against-

LIQUIFIN AKTIENGESELLSCHAFT, et al.,

Defendants.

74 Civ. 2488 (CHT)

ANSWERING AFFIDAVIT

- x

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

LAWRENCE BLOOM, being duly sworn, deposes and says:

1. I am an Assistant Secretary of the Corporation Trust Company of New York ("Corporation Trust"). I have been requested by counsel for Ronson Corporation to make this affidavit in connection with the motion of Liquifin Aktiengesellschaft for an order which would have the effect of permitting Liquifin to change the ballot it filed at the recent meeting of Ronson stockholders.

2. I have been an employee of Corporation Trust for well over ten years. I am presently in charge of Meeting Services in Corporation Trust's Wilmington, Delaware office. I have had experience during the entire period of my employment by Corporation Trust in acting as an inspector at corporation stockholders' meetings.

3. I have read the affidavit of John P. Mead, with whom I acted as inspector at the recent Ronson stockholders' meeting. Mr. Mead's affidavit is true to the best of my knowledge,

information and belief.

LAWRENCE BLOOM

Sworn to before me this
24 day of July, 1974.

FREDERICK FARRAH
NOTARY PUBLIC, State of New York
No. 52-6027150
Qualified in Suffolk County
Certificate Filed in New York County
Term Expires March 30, 1976

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

RONSON CORPORATION, Plaintiff, -against- LIQUIFIN AKTIENGESELLSCHAFT, LIQUIGAS, S.p.A., LIQUIMPORTEX AKTIENGESELLSCHAFT, THE FIRST NATIONAL BANK OF WASHINGTON, RAFFAELE URSINI, PHILIP MARFUGGI, DANIEL A. PORCO and MICHELE SINDONA, Defendants.	:	74 Civ. 2488 (C.H.T.) AFFIDAVIT

STATE OF NEW JERSEY)
)SS:
COUNTY OF ESSEX)

ANDREW T. BERRY, of full age, being duly sworn according to law, upon his oath deposes and says:

1. I am a partner in the firm of McCarter & English, esqs., General Counsel for Ronson Corporation and I make this Affidavit in opposition to an application by Liquifin Aktiengesellschaft directed to the final report of the Inspectors of Election concerning the Ronson Annual Shareholders Meeting of June 13, 1974.

2. In connection with the filing and clearance of Ronson Management's proxy materials, I had occasion to discuss

at length the materials with two members of the staff of the Division of Corporation Finance of the Securities and Exchange Commission, Curtis A. Davies, Assistant Director, and Dow H. Heard.

3. Following the determination of the Ronson Board to fix at nine the number of directors to serve for the year following the annual meeting, but to nominate only a slate of seven, Messrs. Davies and Heard expressed concern that there be no "deal" between Ronson and Liquifin with respect to the filling of the two "vacant" seats.

4. Mr. Davies indicated to me that if there were any such "deal" that Ronson would have the obligation of presenting information required by the proxy rules not only with respect to its seven nominees, but also with respect to the two Liquifin nominees who would fill the two "vacant" seats.

5. I assured Messrs. Davies and Heard that there was no "deal" and there were no undisclosed nominees for the two "vacant" seats. At the specific request of Mr. Davies I reduced that statement to writing in my letter to him of May 22, 1974, a copy of which is annexed hereto as Exhibit A. The letter provides in material part:

> "This will also confirm, on behalf of Ronson Corporation, that Ronson Corporation knows of no nominees for the two seats on the Board of Directors for which Management has not proposed nominees. No understanding or arrangement exists between Ronson Corporation and Liquifin Aktiengesellschaft or any of its affiliates with respect to those two places on the Board of Directors. In Liquifin's 13D filing discussed with you most recently, Ronson Corporation is aware that Liquifin apparently intends to nominate eight individuals for directors at Ronson's Annual Meeting. Inasmuch as proxies solicited by

> Management will be cast only for the management slate of seven, this has the practical effect of permitting any shareholder (Presumably including Liquifin) to make nominations at the Annual Meeting; I must stress again, however, that Ronson Corporation has no knowledge of the identity of such nominees who might be nominated for the two seats in question."

6. In my discussions with Messrs. Davies and Heard, I indicated that Management's decision to nominate only a slate of seven, and to cast its votes (including those obtained by proxy) only for those seven had the practical effect of permitting any shareholder, including Liquifin, to nominate and cast votes for two individuals to fill those seats.

7. At no time and in no way did I indicate to Messrs. Davies or Heard that the two seats would be filled in some fashion other than by a vote of all shareholders; indeed, our discussions were entirely consistent with my answer to a shareholder's question at the Annual Meeting on June 13, 1974 in which I indicated that the two seats would be filled by the Liquifin nominees obtaining the highest number of votes.

8. In the event Ronson had reached any agreement with Liquifin regarding the filling of the two non-management seats in any manner other than by shareholders' vote at the Annual Meeting, such agreement would have to have been disclosed in Ronson's proxy materials. It was not disclosed because there was no such agreement.

9. In Liquifin's own proxy materials, filed at a time when Liquifin was aware of Ronson's determination to nominate only a slate of seven, there was absolutely no indication that:

(a) the willingness of any Liquifin nominee to serve as a director was conditioned upon being a "majority" director; nor

(b) the intention of Liquifin was to select two separate, identifiable nominees to serve in the event Ronson Management won the proxy contest.

10. Based upon my general familiarity with the proxy rules, and upon my discussions with Messrs. Davies and Heard with respect to this issue, it is my belief that the staff of the SEC would have required disclosure of the facts set forth in the preceding paragraph.

11. Liquifin's nominees James C. Malone and John R. Markley, held themselves out, unconditionally, as being willing to serve as directors of Ronson. This representation continued

through the Annual Meeting of Shareholders on June 13, 1974, at which time various shareholders (including Ronson Management and Liquifin as holders of proxies) voted by ballot.

Andrew T. Berry

ANDREW T. BERRY

Sworn to and subscribed
before me this 25th day
of July, 1974.

Patricia V. Cummins

PATRICIA V. CUMMINS
A NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Mar. 4, 1979

May 22, 1974

Re: Ronson Corporation

Securities & Exchange Commission
500 North Capitol Street
Washington, D.C. 20549

Attention: Curtis A. Davies
Assistant Director
Division of Corporation Finance

Dear Mr. Davies:

Pursuant to Regulation 14a-6(c) we enclose for filing eight definitive copies of the following materials, none of which contains any material changes other than those made in response to your comments:

(1) Form of Proxy.

(2) Proxy Statement.

(3) Letter to Shareholders.

(4) Broker's Letter.

This will also confirm, on behalf of Ronson Corporation, that Ronson Corporation knows of no nominees for the two seats on the Board of Directors for which Management has not proposed nominees. No understanding or arrangement exists between Ronson Corporation and Liquifin Aktiengesellschaft or any of its affiliates

EXHIBIT A

with respect to those two places on the Board of Directors. In Liquifin's 13D filing discussed with you most recently, Ronson Corporation is aware that Liquifin apparently intends to nominate eight individuals for directors at Ronson's Annual Meeting. Inasmuch as proxies solicited by Management will be cast only for the management slate of seven, this has the practical effect of permitting any shareholder (presumably including Liquifin) to make nominations at the Annual Meeting; I must stress again, however, that Ronson Corporation has no knowledge of the identity of such nominees who might be nominated for the two seats in question.

Very truly yours,

Andrew T. Berry

ATB/pep
Enclosures
cc: Mr. Dow Heard

INDEX NO.

UNITED STATES DISTRICT COURT

DISTRICT OF NEW YORK

SHEA GOULD CLIMENKO & KRAMER

330 MADISON AVENUE

NEW YORK, N. Y. 10017

MO 1-3200

ATTORNEYS FOR

COPY RECEIVED

JUL 26 1974

ROSE GUTFREUND
MEYER & MITCHELL
ATTORNEYS FOR

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

RONSON CORPORATION,

Plaintiff,

-against-

LIQUIFIN AKTIENGESELLSCHAFT, et al.,

Defendants.

- x

74 Civ. 2488 (CHT)

SUPPLEMENTAL ANSWERING AFFIDAVIT

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

LAWRENCE BLOOM, being duly sworn, deposes and says:

1. I am Assistant Secretary of CT Corporation System and Assistant Secretary of The Corporation Trust Company of New York. I have been requested by counsel for Ronson Corporation ("Ronson") to make this supplemental affidavit in connection with the motion of Liquifin Aktiengesellschaft ("Liquifin") for an order which would have the effect of permitting Liquifin to change the ballot it filed at the recent meeting of Ronson stockholders.

2. The filing of this affidavit is necessary because of what I am advised is a factual error expressed in Liquifin's reply memorandum on this motion. Liquifin suggests, I am informed, that the inspectors of election, of which I was one, were required to accept the purported change in voting instructions by Finbow & Co., pursuant to a section of the Presumptions attached to the "ground rules" agreement between the parties calling for verification where a nominee proxy did not specify a designated number

of shares. I am also informed that Liquifin points to the transcripts of the proceedings before the inspectors on July 1 and 2, 1974, claiming that they show no waiver of such verification by counsel (Reply Mem., pp. 11-12). In Mr. John P. Mead's earlier affidavit, sworn to on July 26, 1974, he stated that all counsel waived such verification in the case of Finbow, since there was no question concerning the number of shares Finbow intended to vote. Mr. Mead is presently on vacation out of the City of New York.

3. The waiver to which Mr. Mead referred took place not on July 1 or 2, but upon June 17, 1974, at the time when all counsel were present for the preliminary count of broker and nominee proxies. When the Finbow proxy (of which a copy was attached to Mr. Mead's earlier affidavit) was reached, the inspectors asked whether anyone wanted them to make a call to Finbow to verify that it wished to vote all the shares standing in its name for all nine Liquifin nominees, as indicated on the face of the proxy itself. Counsel for Ronson, who obviously had the primary interest in determining whether Finbow actually wished to vote less than all shares standing in its name, stated that no such call would be necessary. Counsel for Liquifin agreed to this procedure.

4. The foregoing points out another misconception by Liquifin. The Presumptions did not give the inspectors the right to accept changes in instructions from nominees as to the manner in which its shares would be voted. Rather, they permitted the inspectors to obtain only such statement as they might "deem appropriate" concerning the number of shares to be voted. Only in the event of another "inconsistency or ambiguity" could the

inspectors seek clarification as to other matters. There was no such "inconsistency or ambiguity" in the proxy filed here by Finbow.

5. Thus, the inspectors were required to count the Finbow shares in accordance with its proxy filed on June 13, 1974. They were not permitted, under the "ground rules" agreement, to consider "further proxies or ballots" or attempts at "further voting" after the closing of the polls.

6. I am informed that Liquifin contends that its present motion is only designed to "correct" or "clarify" its ballot filed on June 13, 1974, and is not an attempt at "further voting" (Reply Mem., p.10). I am informed that Liquifin claims it is now trying to present to the Court "its true intention which was incorrectly reported in the first instance by the Inspectors of Election..." (Reply Mem., p.5). I must respectfully differ. The inspectors reported nothing incorrectly. They accurately reported the Liquifin and Finbow vote as reflected in the Finbow proxy and in the ballot. Liquifin's ballot was filed, not "in blank" but with specific instructions. It does not claim to have made any error in marking the ballot. Thus, its present motion must be deemed an attempt to change its vote, to express a new "intention," and not to clarify a previously expressed "intention." It is my view that this would constitute "further voting" and that the new instructions it and Finbow tried to give to the inspectors on July 5 and July 8, 1974 would certainly constitute "further proxies or ballots."

Lawrence Bloom
LAWRENCE BLOOM

Sworn to before me this
31st day of July, 1974
Ronald H. Alenstein
RONALD H. ALENSTEIN
Notary Public, State of New York
No. 50-1725, Cert. in Westchester Co.
Certificate Filed in New York County
Commission Expires March 30, 1976

INDEX NO. 71 Civ. 2207 (CLB)

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

BOSCH CORPORATION,

Plaintiff,

-against-

ROBERT BOSCH GESELLSCHAFT, et al.,

Defendants.

SUPPLEMENTAL ANSWERING AFFIDAVIT

SHEA GOULD CLIMENKO & KRAMER
330 MADISON AVENUE
NEW YORK, N. Y. 10017
MO 1-3200

ATTORNEYS FOR Plaintiff

COPY RECEIVED
JUL 31 1974 by hand

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

----------x

RONSON CORPORATION, :

Plaintiff :

v. : 74 Civ. 2488

LIQUIFIN AKTIENGESELLSCHAFT, LIQUIGAS S.P.A., LIQUIMPORTEX AKTIENGESELLSCHAFT, THE FIRST NATIONAL BANK OF WASHINGTON, RAFFAELE URSINI, PHILIP MARFUGGI, DANIEL A.PORCO AND MICHELE SINDONA, :

Defendants. :

----------x

July 9, 1974

B E F O R E :

HON. CHARLES H. TENNEY,
District Judge.

A P P E A R A N C E S :

SHEA GOULD CLIMENKO & KRAMER, ESQS.,
Attorneys for Plaintiff
MILTON GOULD, ESQ.,
LEONARD GORDON, ESQ., Of Counsel

MUDGE ROSE GUTHRIE & ALEXANDER, ESQS.,
Attorneys for Defendants
DONALD J. ZOELLER, ESQ.
MILTON BLACK, ESQ., Of Counsel

ALSO PRESENT:
JOHN TANSEY, ESQ.,
Attorney for First National
Bank of Washington

THE CLERK: Ronson Corporation v. Liquifin, et al.

MR. GOULD: Shall we proceed, your Honor?

THE COURT: Yes.

MR. GOULD: If your Honor pleases, I have here the original certificate of the Inspectors of Election , and I would suggest that we mark a Xerox copy of it as an exhibit in this case and hand it up to the Court, and then I will make some observations about it.

MR. ZOELLER: Your Honor, I have only this observation to make about that, in light of the matters which will be discussed hereafter: I ask it be confidential until the completion of matters this morning.

MR. GOULD: I do not understand why it should be confidential. What is confidential about it?

THE COURT: It is confidential in that I am not going to distribute it around until the argument is completed this morning.

MR. GOULD: I want to refer to it, your Honor.

THE COURT: I suppose if you are going to have to refer to it, it cannot be confidential.

MR. ZOELLER: Your Honor, I do not know if

there are members of the press here today, but I believe, in light of applications that we will be making, that the confidentiality of this report should be maintained, at least for the time being until your Honor has had a chance to hear us.

MR. GOULD: I do not know what is so arcane about this matter. Here is a public company. We have waited to announce the results of the election; we have an agreement it be announced in court this morning.

THE COURT: I do not see how we can keep it secret. I assume we are going to try and work something out today and that will be based in part on the results of the election.

MR. GOULD: That is right.

MR. ZOELLER: My reason is this, your Honor: there will be some question this morning about the results of the election which we will be presenting to your Honor, and I think in light of that the arrangements that have been made keep these matters non-public should be maintained for the time being.

THE COURT: Are you challenging the accuracy?

MR. ZOELLER: I am, your Honor. I am challenging a question of Liquifin's right to designate the two persons that it considers to be the directors that

it wishes to vote its shares for in the event that the election overall should not be --

MR. GOULD: We can deal with that, your Honor. That is not a basis for keeping the results of the certificates confidential.

MR. ZOELLER: We cannot agree that this is a certificate and we will get into that, your Honor.

MR. GOULD: Oh.

(Court's Exhibit 1 was marked for identification)

MR. GOULD: Does your Honor really want me to refrain from referring to the contents of the certificate in view of counsel's application? I do not understand it.

THE COURT: I do not understand it myself, frankly. We are dealing, I understand, with one or two individuals in the slate.

MR. GOULD: For your Honor's assistance in understanding Mr. Zoeller's argument, if you look at the second grouping down below you will observe that the gentlemen who are number 2 and number 3, received 185 votes more than the other people in that group.

THE COURT: 100 --

MR. ZOELLER: 138, your Honor.

MR. GOULD: Excuse me, my arithmetic is wrong. It is 138 more.

Now, I assume that what counsel wants to talk about is the effect of this certificate on those two people. Your Honor will recall that one of the undertakings we made in our proxy material was that while the Board of Directors normally consisted of nine members, in view of the large stockholdings of the opposition group here, we would name two of their members, two of their designees to the Board, two of their candidates to the Board. So I suppose what Mr. Zoeller has in mind is with respect to those two. We can come to that.

I think it is very apparent to your Honor that the certificate indicates that the seven persons named by the management have been elected by the stockholders and elected by a very substantial plurality of the votes.

So, simply to facilitate whatever application it is Mr. Zoeller wants to make, I will advise the Court that what we propose to do is to present the certificate to the reconvened meeting and we will treat as elected as directors the seven persons named by the management, Messrs. Aronson, Blumberg, Cole, Granet, MacKay, Siegler and Walder and as elected by a plurality, Messrs. Malone and Markley from the second group. They appear plainly

to have more votes than the rest, so we will treat those nine men as elected to the Board.

The meeting will be reconvened tomorrow in accordance with the arrangements that have been made, and if there is any secrecy about this thing it is going to be dissipated very promptly. I do not know what occasion there is for secrecy.

As a matter of fact, in view of the fact that this is a publicly owned company with security traded in the market, I do not think we have the right to keep these results confidential.

Now, the only other thing I would like to add is, in view of the certificate which has been presented -- I have the original here. I assume that everybody is in agreement that the original certificate becomes part of the record of the meeting and should not be filed with the Court.

Do you have an objection to that?

MR. ZOELLER: It seems to me after we have had a chance to have these matters heard before your Honor, and your Honor can make his rulings, then there may be a certificate. Right now what we have is a report, so designated and so labeled, your Honor.

MR. GOULD: I do not care whether it is

called a report or a certificate.

THE COURT: Let us take this up.

MR. GOULD: In view of this report or certificate, I will, on behalf of the plaintiff, withdraw the application that was made to this Court for preliminary injunction to enjoin the defendants from voting the stock of Ronson at the meeting of June 13th. That I regard as moot.

THE COURT: Mr. Zoeller?

MR. ZOELLER: Yes, your Honor. We have a motion to make this morning.

Before making the motion, I might simply reprise where we stand at the moment. There is, of course, the action brought by Ronson against Liquifin.

As Mr. Gould has indicated, the motion for preliminary injunction is moot, asindeed it is. We have before your Honor our motion to dismiss on grounds of res judicata, legal insufficiency, and we will be amending that motion to add mootness as a ground for the dismissal of the action in its entirety. I expect to do that fairly promptly, your Honor.

We also have our action regarding the false and misleading statements made by Ronson on the basis of which shares were solicited and that is a matter that I

think may take some time for us to resolve; and, therefore, I do not think that we can address ourselves to that this morning except to advise your Honor that we will probably be amending our cross-counterclaim to add additional matters which have come up since the time the counterclaim was drafted.

As to the results of the election itself, I wish to present to your Honor this morning our motion, and the papers, I am afraid, are sketchier than I would like, but the problem arose actually only yesterday afternoon and we have not had a great deal of time to put them together.

But the problem is this, your Honor: As Mr. Gould has indicated to you, Ronson has stated in its proxy statement that it is naming, is going to have a Board of Directors for the coming year of nine persons, and it will vote its proxies for only seven of them, thus leaving two seats to go, as it were, by default, even in the event that Ronson were to be successful in its proxy contest.

In its second letter to the shareholders as part of the proxy contest, Ronson stated in support of its many arguments as to why the shareholders should vote for its slate of directors and withhold their votes from

the new directors for Liquifin the following:

"We urge you to vote for management's seven nominees. Management will not vote your proxies for the two remaining seats. In view of the size of Liquifin's shareholdings, we have not nominated directors for these two seats. We leave to Liquifin its decision to vote its shares for these two seats on the Board."

Thus, Ronson management had represented to the shareholders that the choice, the selection of the two remaining seats, would be left with Liquifin. That presents to Liquifin an opportunity and also a risk and it is that to which I wish to address myself.

The risk is the following: If Liquifin votes its shares for all nine nominees equally and is unsuccessful in the proxy solicitation, then there is no way of determining which two will be successful. On the other hand, in addition to that, it is possible that some shareholder may decide to split a vote, and that some small shareholder may allocate a handful of shares to less than all of the nine directors of Liquifin, thus defeating Liquifin's rights which the shareholders had a right to rely upon in submitting their proxies to select two directors of its choice.

Of course, it is always possible for Liquifin

to go in and at the vote itself initially give more of its votes to two than it does to the remaining seven. The problem with that, your Honor, is that in a very close election, in the event that Liquifin were to be successful overall, the other seven might lose by the very margain which Liquifin gave to its two. In that event, Liquifin, I am sure, would be charged with having disenfranchised a large number of people who solicited their proxies and having violated the proxy rules. That is not a sensible or appropriate way to handle matters.

Now, there is an analogue to this kind of situation, and the analogue is the case where you have cumulative voting, and what is done in the case of cumulative voting is to show the designation of those to whom you will allocate your shares until the time that a preliminary count is known. This is actually the only viable choice open to the party who is being given the opportunity to select the two seats.

It was this choice which Liquifin decided it would utilize. Its proxy solicitor, Mr. Arthur Long, whose affidavit is annexed to the papers submitted to your Honor, approached Mr. John P. Mead, one of the Inspectors of Election, just prior to the commencement of the Ronson annual meeting on June 13th. He has done this, by the

way, in many, many proxy contests in which he has been involved in which cumulative voting, the analogous situation, exists.

He told Mr. Mead that it was Liquifin's intention not to designate its allocation of shares to individual directors until a preliminary count was known and that he would cast his ballot in blank in the meantime.

Mr. Long cast his ballot in what he regarded as blank, and it was the intention of Mr. Long, acting pursuant to the directions of Liquifin and Finbow, to make the designations at the time that a preliminary count was known.

Now, up until this point all is well. When the preliminary count was known, Mr. Mead stated that he did not recall the conversation, that he was not aware that there was such an understanding, or without such an understanding it was his view that he would not permit the designation of votes.

Something else has occurred. A ballot was cast by one person favoring Ronson management, i.e., that person voted for five Ronson management nominees, also voted for a Ronson former director who was not a nominee, but whose name was eroneously on the Ronson ballot, and voted 138 shares for two on the Liquifin slate of directors.

We think that ballot is invalid, to begin with, as we will point out to your Honor later on, because of the fact that they voted for a person who was not actually running for election. There is no way of determining to what degree their vote was influenced by the presence of that name on the ballot; but, moreover, we think that results, in a sense after the fact, to misleading the shareholders as to what would take place.

The shareholders submitted their proxies in the justifiable belief that the shares could be allocated by Liquifin. Liquifin wishes to allocate its shares to, or its votes to, two of the directors. The two that were selected by this shareholder are not the two that Liquifin wishes to allocate its votes toward. These two persons themselves would prefer not to serve under the circumstances where they are only the minority on a Ronson-controlled board as distinguished from the majority on a Liquifin-controlled board.

THE COURT: You are talking about the two that happened to be selected from your slate. Can't that be worked out, if they do not want to serve?

MR. ZOELLER: We think it should be worked out. We think it is entirely equitable.

THE COURT: Without setting aside the results

of this election.

MR. ZOELLER: That would be another question. It seems to me --

THE COURT: I am saying without setting aside the election because I do not think I have heard anything yet. It might be necessary to correct some of the figures here, but that would not affect the overall result. It might have some effect insofar as the allocation --

MR. ZOELLER: There is a question of allocation to which this morning I am addressing myself solely. The larger questions, of course, are matters that would require further proof and evidence before your Honor, and that would take more time.

But as to the threshhold, as I regard it, the question of the allocation of shares, that's the matters that I am addressing myself to today.

And it has been presented, as I have noted to your Honor, to the shareholders at large, to the SEC, that Liquifin would have the right to allocate. We think that the directors moreover were in error in not permitting -- even assuming that there was some misunderstanding about the intentions of Liquifin at the time that the ballot was first submitted -- we think that the Inspectors were in error in not permitting a correction of the ballot even

at any time up until the announcement of the result. Because as is noted in what we think is the definitive work in the field, Aranow & Einhorn on this matter, it is a basic right to correct the ballot at any time up until the announcement of the results. That right would be even more incurred in a case such as this where indeed it has been represented to the shareholders that this right will be given to Liquifin and where their shares and their proxies were solicited in light of such representation.

We think it is imperative that this matter be corrected and that the shares be allocated to the two persons that Liquifin wishes to represent it on the board.

MR. GOULD: May I just respond briefly to what counsel said, your Honor?

First of all, I do not think there is any suggestion here that the management had anything to do with this vote.

THE COURT: No, no, no. As I said --

MR. GOULD: I would like to make that very clear. I mean, somebody might think that this was a trick. We were as astonished as anybody when we say that this stockholder had split his vote as he did, and I think we all got the information at the same time. So that whatever

happened here we are not dealing with a put up job.

Now, I would have expected, in light of what Mr. Zoeller has had to say about his clients' right to allocate or designate or something like that, that he would have come in here this morning at the very least with a piece of paper from Mr. Malone from Mr. Markley saying that they do not wish to serve. We have not got anything like that. I think I heard him say that they do not want to serve.

MR. ZOELLER: I can correct that deficiency. It presents me with some difficulties, your Honor. This question did not arise until the last --

MR. GOULD: I thought I was talking, Mr. Zoeller. You will get your chance. I am sure Judge Tenney will give you your opportunity.

MR. ZOELLER: I am sorry.

MR. GOULD: I had anticipated if they were going to take this position they would have some piece of paper to that effect. In the meantime, we are running a public corporation.

THE COURT: I am aware of that.

MR. GOULD: And on the basis of this piece of paper that comes from Mr. Mead, prima facie, these two men are elected.

Now, if they do decline to serve, then, of course, the problem may be somewhat simplified.

THE COURT: So far as running the corporation is concerned, you have got management who have been in before and they are just continuing on. What we are faced with is these two Liquifin representatives who go on the board.

MR. GOULD: I am sure that we will keep the undertaking that we made and two Liquifin representatives will eventually go on the board; but, prima facie, two Liquifin representatives fully qualified, according to their proxy material, have been elected and we have to honor that.

Now, if these two people decline, we will come to grips with the problems created by their declinations.

THE COURT: What was the representation that was made to the stockholders here?

MR. GOULD: We said that while --

THE COURT: So far as Liquifin's representatives are concerned.

MR. GOULD: That is all I am confining myself to. We left two seats open so that they could name two directors. In other words, we have a nine-man board. We only nominated seven, and we anticipated that they would

do whatever was necessary to elect two directors. They had what I will call a clean shot.

THE COURT: What would the situation have been if all of the Liquifin candidates received an equal number of votes and then Liquifin was to select the two?

MR. GOULD: I do not krow. It was never discussed. We never had any conversation on the point.

This has its genesis in the unusual circumstances of this particular election. Your Honor will recognize that it is almost unprecedented for a group that owns 36 percent of the stock to be defeated, as they were defeated here, by, let us call it, the expression or the articulation of the public stockholders joining with the management.

So what we did was we said people who own 36 percent of the stock are entitled to some representation on the Board of Directors. To that end, we are only going to nominate seven people. And then it was easily in their power to nominate two people, see, to do something, the result of which would have been that they elected the other two directors.

THE COURT: To run on your slate.

MR. GOULD: They could have done it in a number of ways.

THE COURT: That is one way they could have done it.

MR. GOULD: Sure.

THE COURT: Here you have a seven-man slate or a nine-man slate, nine positions.

MR. GOULD: Now, we are in the face of this 1,811,585 for Malone and the same number for Markley, and that is more than the other seven got.

THE COURT: The Ronson stockholders are not being deprived of anything.

MR. GOULD: Oh, no.

THE COURT: What I am coming to grips with is the situation where you have, so far as the Liquifin stockholders are concerned, the ones who were supporting the Liquifin candidates, that they have expressed the preference for two of the nine on that particular slate. Those people do not happen to be the ones that Liquifin wants or maybe these two individuals themselves do not want to be the ones.

All I am saying is on the face of the report, the Inspectors' report, that to supplant these two gentlemen who received the majority of the votes, so far as that group is concerned, is running counter to the wishes of the stockholders.

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MR. GOULD: That is right. That is the way it looks.

MR. ZOELLER: If I may be heard on that, your Honor, it would be taking the wishes of one stockholder who voted primarily for management's slate of directors on what I regard as an invalid ballot to begin with, 138 shares, and putting his preference over that of Liquifin itself, which owns 36 percent of the stock, and also it would be flying in the face of the representation made to shareholders, which is here in the second letter to the shareholders -- if I may show you, it is within the penciled bracket, your Honor -- which certainly was designed to indicate to the shareholders, and did indicate to the shareholders as a method of inducing them to solicit their proxies, that Liquifin would have the right to select.

Now, the only way -- the only way without running a foul of the proxy rules -- that someone engaged in a proxy contest, running his own slate of directors, can insure the election of the two directors of his choice is to do it at the time when a preliminary count is known. Otherwise, the various pitfalls which I have outlined for your Honor, which may disenfranchise the great majority of shareholders, exist.

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THE COURT: I do not see how anybody is being disenfranchised with the exception possibly of the gentleman who split his vote between management and the opposition.

MR. ZOELLER: Well, he might lose the effect of a part of his vote under these circumstances but that would only eliminate the situation where the tail wags the dog, the 36 percent shareholder who under the law, your Honor, should have a right now to indicate his preference on his ballot. The results have not been publicly announced.

We submit that under the law, in any event, the right should be there to Finbow and Liquifin to indicate their designation of the way in which their shares will be allocated. If that simple right is given to them, your Honor, which I believe to be their right under the law, and which I believe to be further mandated by the representations that have been made, the result would be taken care of.

THE COURT: I do not believe that Mr. Gould has any objection to how you proceed with respect to the allocation of the Liquifin votes to select somebody who is agreeable to Liquifin as their two representatives. But that has nothing to do and in no way will effect the

dhjw

fact that management has placed seven people back in office.

MR. ZOELLER: No, this is a different question, your Honor. The question I am addressing myself to today --

THE COURT: But I suspect that is lerking in the wings and I just want to make it clear that anything that is done with respect to Liquifin has no bearing on the fact that there is a clear majority that has been tabulated in favor of the management candidates.

MR. ZOELLER: That question, your Honor, it seems to me would only be affected by subsequent litigation involving the misleading nature of the proxies that have been solicited. But the question I am addressing myself to --

THE COURT: By both sides.

MR. ZOELLER: The arguments, I am sure, may run in one direction or in two directions, but as they are --

THE COURT: Iam sure it will go in both directions and probably run up against a pretty solid wall.

What I am interested in doing is resolving this problem. We are still within the democratic principals

of a stockholder's election.

MR. ZOELLER: You see, your Honor, if I may add on other thought: Liquifin did indicate its designation to the Inspectors of Election, did so by telegram to them prior to Monday's meeting at which the final report was given. The Inspectors of Election failed to effectuate that designation, we think improperly under the law and under the circumstances here.

Mr. Gould, if you have --

MR. GOULD: I would like to make this suggestion: I think we are bound by the certificate and I think that what we have to do under the law is to declare --

THE COURT: Technically speaking, it is a report.

MR. GOULD: It is a report, but that is the agreement here.

THE COURT: There is no dispute about the count.

MR. GOULD: There is no dispute. I think what we have to do is this: I assume, from something Mr. Zoeller said, that these two gentlemen who were named Malone and Markley, do not want to serve as minority directors. So it seems to me that probably the best thing, or the most practical thing, to do is, we will

treat them as elected, let them decline to serve. Then we deal with two vacancies on the board.

And now I am handed this long affidavit in support of their positions. Of course, I have not read it yet.

THE COURT: I have not, either.

MR. GOULD: And come back before your Honor and deal with that situation in a somewhat simplified form.

I should tell the Court that when we discovered or when it was reported to us by the Inspectors of Election that Mr. Hamblem of Masa, Arizona, who apparently was present at the meeting -- nobody knew anything about it - had cast his vote in the manner indicated here we tried to communicate with him. Mr. Gordon, my partner, made a number of calls out to Masa trying to locate him, and there is no way of finding him. His telephone is disconnected by order of the subscribers, so we have never never any contact with him. Certainly I am not in a position now on a respectable evidentiary basis to tell your Honor anything about what the man meant or intended or even did.

So I would suggest that we get an opportunity to read Mr. Black's long affidavit here with its exhibits

and then come back before your Honor in an orderly, prepared way.

In the meantime, I will advise the Court that we are going to honor the report of the Inspectors; we will declare these people elected. Then Mr. Zoeller can come along with the two declinations and then come back before your Honor on a somewhat streamlined basis, and when we know what we are talking about, too.

Frankly, this is an unprecedented situation to me.

MR. ZOELLER: It is an unprecedented situation, your Honor; but it seems to me to this degree it is not unprecedented: that in the case of cumulative voting, it occurs regularly that the reserve is made to designate the way in which shares will be voted. That reserve was made here; the designation has been given. Even if there had not been a reserve, there is always the right until the announcement of a result to designate the way in which your shares will be allocated. Liquifin wishes to designate its shares, and has so designated them, in a manner to elect two persons other than those being mentioned here.

THE COURT: They did not do it at the time of the election.

MR. ZOELLER: They did it -- and the only time that you can practically do it -- is at the time when the preliminary result is known. Other than that, various risks and problems exist because you may result in allocating in a way that causes seven persons who could have been elected to lose.

THE COURT: I thought we were going to have ground rules in this case.

MR. GOULD: We have them.

THE COURT: Why wasn't this contemplated? Why do you now come to me with a report and your voting closed? Couldn't it have been part of the ground rules that a preliminary count would be made and on the basis of that preliminary count one or the other of the parties, depending on what the case might be --

MR. GOULD: That is not what I contemplated. The ground rules do not take care of a situation like this because I thought they were going to act in a perfectly rational and intelligent way. All that that required was that the two men that they want on the board would have been given more votes than the rest of their candidates, but they did not do that. They marked the ballot and gave everybody the same votes. I was astonished when I saw that.

THE COURT: That is why I was wondering about this. Who are they going to pick for those two?

MR. GOULD. I do not know.

MR. ZOELLER: That is why we are reserving the right to designate.

MR. GOULD: All they had to do was add one digit to each of the two men they wanted and we would not have this problem.

MR. ZOELLER: Yes, we would. If we added one digit, we would be 138 votes down instead of -- in other words, that is the very problem, your Honor -- if you designate one vote, then somebody comes in with two votes the other way. The only way you can do it is when a preliminary count is known. That is, known to them. It is a basic fact of life in cases where allocation becomes important. It goes on again and again in cases of cumulative voting.

THE COURT: But this was not done here. There was not a preliminary count.

MR. ZOELLER: Yes, when the results were known, the indication was given by telegram to the Inspectors of Election, the way in which we want to designate our votes, and that designation was ignored and we think improperly .

We think under the law we have the right to do that.

THE COURT: Why wasn't that part of the so-called ground rules?

MR. ZOELLER: Well, your Honor --

THE COURT: Binding on the Inspectors as well as on the parties here.

MR. ZOELLER: Unfortunately, it is a matter not ordinarily given in the ground rules.

THE COURT: I think it will be from now on.

MR. ZOELLER: But the fact is that Mr. Long, who is here in court today and can testify if your Honor would like to hear him, and whose affidavit is annexed to the papers here, did speak to the Inspectors of Election prior to the meeting, understood that the matter was clear to him and the Inspectors of Election that there would be the right to reserve and designate. It is a standard procedure he uses in contest after contest.

THE COURT: The Inspector says that did not happen.

MR. ZOELLER: He does not recall it. He does not say it did not happen.

Even assuming arguendo that there is some confusion about that, it is our submission that under

the law, and I make reference to Aronow & Einhorn on this, we have the right, even now, to designate what our intention is in our ballot. No one is injured by that and the basic understanding, in a sense that was given to the shareholders that we would have this right, would be effectuated.

THE COURT: That may well be.

MR. ZOELLER: It is on that right in addition that we stand, your Honor.

THE COURT: I have not read all your papers and I assume you have some authority for some of this.

MR. GOULD: I think the most that we can conscientiously ask the Court to do today is, we have made our report, Mr. Zoeller has got this affidavit here, which I suppose is in the nature of a motion. It says in support of a motion, but we will treat it as a motion.

MR. ZOELLER: I am making my motion verbally before your Honor supported by this paper.

MR. GOULD: I would simply like an opportunity to read it and reply to it and come back to your Honor. In the meantime, of course, we will reconvene the meeting and I will, of course, defer to the professional opinions of corporate counsel in this matter, and my anticipation is that we will declare these nine people elected at the

meeting.

In the meantime, I would hope that Mr. Zoeller would simplify the Court's task by getting declinations from Mr. Malone and Mr. Markley.

MR. ZOELLER: Your Honor, let me address myself to that.

I ask that your Honor hold these matters in abeyance until you can rule on our application. The reason is multifold. Once the meeting is convened and persons are declared to now be directors and then resign, the rights of Liquifin to designate those in whom theyare interested and indeed anyone who is a Liquifin designee is lost entirely, and the Board of Directors will then -- I am sure it will be Mr. Gould's submission and if I am wrong he can correct me today, it will then be Mr. Gould's position that the Ronson board would have the right to select those who will fill those vacancies. That would not effectuate the result desired here.

We do have an important challenge under the law and in part under the Securities Laws governing proxy contests as to why our designation should be effectuated, and I ask that things be held in abeyance until we have the right to have a determination on that.

MR. GOULD: You are not asking that the

stockholders' meeting be held in abeyance, are you?

MR. ZOELLER: Yes, I am. It has been adjourned a couple of times. There is no prohibition against it.

MR. GOULD: That is preposterous.

MR. ZOELLER: Why is it preposterous?

THE COURT: I think the several candidates of management can be recorded. There may be some question about who is to serve on the board as the representatives of Liquifin. That is really what it comes down to.

I will look over these papers and maybe there is a way out so far as these two gentlemen are concerned, or maybe something can be worked out by the parties. Certainly I would not expect that the two gentlemen, who have been elected to represent Liquifin on the board -- if they resign, the representation by Liquifin on the board will be done away with. I would expect that to continue and I would like some agreement on that subject before I approve it.

MR. ZOELLER: Your Honor, in other words, if that is understood, that makes our task easier, because, as I say --

THE COURT: Where reasonable men get together they save themselves a lot of work. Maybe this is the

time to do that, to talk with corporate counsel. I see no reason to disturb the present report insofar as management is concerned. I am not talking about trying to set aside the whole election on the grounds of improper proxy material and all the rest of that. What I am saying is, looking at this as an election by stockholders and after proxy fight we do have a clear victory on the part of management, and a question (a) about whether the two gentlemen who have received the most votes among the Liquifin slate are willing to serve; and, if not, whether the Liquifin vote can be recast in such a form that Liquifin will have its opportunity to designate the two candidates on that particular slate that it wants.

MR. ZOELLER: That is right, your Honor.

THE COURT: Beyond that I am not going. There should be some direction to have these votes represented here among the Liquifin candidates recast.

MR. ZOELLER: So that do I understand --

THE COURT: Actually, I have not even looked at these papers. So I will reserve any decision on this particular motion. I cannot see any reason why the results of the vote cannot be released with the caveat that so far as the Liquifin candidates are concerned that that may not be conclusive as to the identity of the

people who will serve.

MR. GOULD: That is entirely agreeable with us, your Honor. That seems to be the reality.

MR. ZOELLER: Do I understand that no announcement will be made as to what the result is in regard to the Liquifin candidates until such time as your Honor has had a chance to rule?

THE COURT: If you would prefer that, I do not know. We have got --

MR. GOULD: You have got to tell the truth, your Honor.

THE COURT: We have already stated who the gentlemen are who received the additional few votes among those candidates, and the statement that they may not wish to serve.

MR. ZOELLER: But there is something beyond that, your Horor. There is this right under the law of Liquifin to designate.

MR. GOULD: No, no.

MR. ZOELLER: Please, Mr. Gould. One at a time.

When Liquifin designates, it is designating, as it has indicated in the telegram to the Inspector which is part of the papers before you, in favor of the persons

And under those circumstances it seems to me that we have the question as to whether or not that designation is to be given effect. Under the law, I believe, it must be given effect.

THE COURT: All right. So far as the vote cast for management is concerned, I see no reason for not making that public.

MR. GOULD: Your Honor, as the practical matter there is no way to conceal this thing. There is no reason for not telling the truth here.

THE COURT: When you lose, you always want to not broadcast it, but here there is no attack made on the continuance of management in office. All we have is a little problem that there may have been an error in casting the Liquifin votes equally among various candidates rather than designating the two.

MR. ZOELLER: That is correct. What I do not want, your Honor, is any declaration being made that two persons are elected and are now directors of Ronson, so that if they withdraw, it then becomes a resignation.

THE COURT: I would not proceed on that basis, that these two gentlemen have been elected.

MR. GOULD: I will tell you what I suggest, your Honor: We will announce that the candidates of the

management have been elected.

THE COURT: That is what I said, and that there is now the question of designating the two members among the Liquifin candidates pursuant to prior arrangement.

MR. GOULD: And that is sub judice.

THE COURT: And that is sub judice.

MR. ZOELLER: There is the question of validity of that ballot which contains an improper name.

THE COURT: How many votes are affected by that?

MR. ZOELLER: The 138, that are the votes that make the difference here, are on that invalid ballot.

THE COURT: We are talking about millions of votes here and you do not come into court with 138.

MR. ZOELLER: Your Honor, the margin for the two persons involved is that very 138 votes.

THE COURT: I know it. Well, you mean if you invalidate that particular ballot, that leaves you all equal, and then what do you do?

MR. ZOELLER: Then Liquifin designates, which is exactly where we come out.

THE COURT: Under what right do you designate?

MR. ZOELLER: Under basic legal right.

MR. GOULD: I assume your Honor will give us a chance to reply in this affidavit, and there might even be a brief. Why don't we set a date within the next two weeks?

THE COURT: All right. Next week. I will be here all the time.

MR. GOULD: Why don't we call up and make a date when we are ready?

THE COURT: As far as the results of the election, the continuance of the management in office, I think the public has the right to know.

MR. ZOELLER: I do not object to that, your Honor.

MR. GOULD: Thank you very much.

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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RONSON CORPORATION,

Plaintiff,

-against-

LIQUIFIN AKTIENGESELLSCHAFT, et al.,

Defendants.

74 Civ. 2488 (CHT)

MEMORANDUM

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TENNEY, J.

Defendant Liquifin A.G. ("Liquifin") seeks an order enjoining plaintiff Ronson Corporation ("Ronson") and Inspectors John P. Mead and Lawrence Bloom from publishing as the final report of the results of the Ronson annual stockholders' meeting ("Annual Meeting") and "Inspectors' Report" dated July 8, 1974 and compelling Ronson and the Inspectors to issue a final report which reflects Liquifin's instructions, made on July 5, 1974, that the shares of its nominee, Finbow & Co. ("Finbow") be voted so as to ensure the election of Oreste Marfuggi and Donald J. Zoeller, rather than James C. Malone and John R. Markley, to the Ronson Board of Directors ("the Board").[1/] For the reasons stated infra, the motion is granted.

The relevant facts are as follows. An annual meeting

to elect nine directors to the Ronson Board and ratify the appointment of auditors for the year 1974 was scheduled to take place on June 13, 1974. It is the former matter with which we are concerned.

The Ronson Management ("the Management") proposed a slate of only seven candidates. It is Management's contention that this was done in deference to Liquifin, which beneficially owned 36.4% of the outstanding stock in Ronson and which was, consequently, the largest single shareholder in Ronson. In opposition to this seven-man slate, Liquifin nominated its own nine-man slate, stating in its proxy materials to Ronson shareholders that:

> "Each of the candidates listed below...has consented to serve as a director if elected, and Liquifin does not contemplate that any of the candidates will be unavailable for election as a director. However, in the event that any of them shall be unavailable to serve, the persons named as proxy agents will vote their proxies for other candidates who shall be designated by Liquifin."

The day before the Meeting was commenced, representatives of Management and Liquifin executed a set of "ground rules"--an Agreement and accompanying Presumptions. The Agreement, which provided for the appointment of Messrs. Mead and Bloom as independent inspectors of the election, also stated that the Presumptions were to be used by the Inspectors to determine the authenticity, validity and effect of all proxies and ballots. Additionally, the parties to the Agreement provided that nothing contained in the Agreement or Presumptions would

> "constitute a waiver or restriction in any manner of the right of either party to rebut any such Presumptions or to challenge the application of the Presumptions by the Inspectors to any proxy or ballot or to contest such application or decision of the Inspectors with respect thereto before any appropriate tribunal or forum...." (Agreement ¶ 2).

The Annual Meeting was duly held as scheduled and, at the close of the polls, was adjourned pending the counting of the ballots and the issuance of a Final Report and Certificate of the Inspectors. (The parties agreed to withhold public announcement of the results until July 9, 1974, when they were scheduled to appear before this Court. The Annual Meeting has now been adjourned pending this Court's determination of the instant motion, and the Final Report and Certificate have not been issued as of this date.)

On June 20, 1974, the Inspectors privately announced to representatives of Management and Liquifin the results of their "unofficial tally". Their tally indicated that five of the seven Management nominees had each received 2,255,525 votes; that the two remaining Management nominees had each received 2,255,387 votes; that two Liquifin nominees--Malone and Markley--had each received 1,811,585 votes; and that each of the seven remaining Liquifin nominees had received 1,811,477 votes. The apparent election of Malone and Markley as Liquifin's representatives on the Board came about because (1) the Inspectors interpreted the Finbow Ballot as directing that 1,559,776 votes (Finbow held 1,559,776 shares in Ronson) be

cast for each of the nine Liquifin nominees and (2) Mr. and Mrs. Collins B. Hamblen, shareholders unaffiliated with Liquifin, split their ballot, casting 138 votes for each of five management candidates[2/] and 138 votes for two Liquifin nominees--Malone and Markley.

On July 5, after these results had been released but before the Inspectors were scheduled to issue their Final Report, Liquifin--through Finbow's proxies--notified the Inspectors that it wished to designate on the Finbow Ballot the exact number of votes to be cast for the Liquifin nominees so as to ensure that Marfuggi and Zoeller, rather than Malone and Markley, be elected to the Board as "minority" directors. The Inspectors, under the impression that the Agreement precluded them from acting upon these instructions since the polls were officially closed, filed with this Court a Report dated July 8, 1974 which designates Malone and Markley, rather than Marfuggi and Zoeller, as Ronson directors. It is the publication of this Report as the Final Report which Liquifin seeks to prevent.

As matters now stand, Malone and Markley have indicated that they do not wish to serve as minority directors and are therefore "unavailable" to serve on the Board subject to the availability of Marfuggi and Zoeller to serve in their place. Mr. and Mrs. Hamblen have made no representations to the Court regarding the substitution of Marfuggi and Zoeller in place of the two Liquifin nominees for whom they voted. Ronson, however, opposes the substitution on the ground that

it would be contrary to the Agreement and applicable law and that it would be inequitable. The Inspectors have indicated their willingness to abide by this Court's determination of the matter and, if necessary, to issue a Final Report which reflects Liquifin's July 5th instructions.

At the heart of this dispute is the Ballot submitted on behalf of Finbow before the polls closed. In the place marked "Number of Shares", Finbow's proxies entered the words "Per Proxies Filed" and under "Item # 1. Election of Directors", they marked an "x" across from the line reading "All 9 (Liquifin) Nominees". However, the spaces provided on the Ballot for the purpose of indicating the number of votes to be cast for each of the nine Liquifin nominees (in this case, a maximum of 1,559,776 votes per nominee) were left blank. The Finbow Proxy is similarly unilluminating in this regard.[3] Liquifin apparently believed, whether reasonably or not,[4] that by submitting the Finbow Ballot in this form, it could later "clarify" its vote by filling in the spaces that had been left blank, so long as it did so before the Inspectors issued their Final Report of the election results.

Ronson asserts that the Finbow Ballot was not filed "in blank", as Liquifin contends, but that in its present form, the Ballot indicates that all of Finbow's votes are to be cast in favor of each of the nine Liquifin nominees. Alternatively, Ronson argues that even if the Ballot might

have been considered ambiguous, counsel for Liquifin waived an opportunity to clarify the Ballot.[5/] The filing of this "new" or "changed" Ballot, Ronson asserts, is precluded by the Agreement but, even assuming arguendo that the Agreement does not preclude the filing of this Ballot, Ronson also argues that Liquifin has no legal right to change its vote.

The Court is of the opinion, having examined the authorities cited and the papers submitted by both sides, that Liquifin is entitled to the relief it seeks.

The Court will assume for the purposes of this motion that Liquifin is, in fact, attempting to "change" its Ballot. Therefore, the initial question before this Court is whether the Agreement precludes Liquifin from doing so. The two portions of the Agreement upon which Ronson relies are paragraphs 5 and 6. Paragraph 5, after providing that the polls shall be closed at 4:00 P.M. on June 13, 1974, states that "thereafter no further voting shall be permitted and no further proxies or ballots shall be accepted or considered by the Inspectors...." Paragraph 6 states that "Prior to the closing of the polls, proxies, ballots and evidence must be delivered to the Inspectors at the Ronson Annual Meeting ...." Ronson argues that these paragraphs not only prohibit the filing of additional ballots and proxies after the polls have been closed, but also preclude a shareholder from changing his ballot in any manner once the polls are closed. The Court believes that Ronson's is a rather strained interpretation of the Agreement. The phrase in paragraph 5--"further

voting"--merely suggests that the filing of additional ballots is prohibited, Webster's Third New International Dictionary 924 (1964)--a situation not present here. Paragraph 6 merely provides that physical delivery of all proxies and ballots must be made before the polls have closed; Liquifin has complied in that respect. After having examined the Agreement in its entirety, the Court is convinced that the parties to the Agreement never anticipated the possibility that, after the polls had been closed, a shareholder might wish to change a timely offered ballot. Inasmuch as the Agreement is silent on this matter, the Inspectors' decision not to honor Liquifin's July 5th instructions is not binding. (Agreement ¶2).

We turn, then, to the other major strand of Ronson's argument--that, even if the Agreement does not preclude Liquifin from changing its vote, the applicable law prohibits Liquifin from making the kind of substantive change sought here.[6/] Liquifin relies in large part upon the statements of certain commentators which would appear to support its argument that a stockholder may always change his ballot so long as he does so before the election results are formally announced. Thus, it is stated in 5 Fletcher, Cyclopedia Corporations § 2017 at 104 (perm. ed. rev. 1967) that:

> "A stockholder or member may change his vote at any time before the result is finally announced, and before that time it is proper to permit him to correct his ballot so that it will express his true intention."

Similarly, in E. Aranow & H. Einhorn, Proxy Contests for Corporate Control 367 (2d ed. 1968), the authors state that:

> "it has been held that inspectors must accept ballots tendered to them after the polls have closed, but before the final result has been announced."

A case could arguably be made that, in practice, the courts have restricted this rule solely to those situations in which the shareholder seeks to correct some inadvertent "ministerial" error and the applicable law, corporate bylaws or preelection agreement do not speak to the contrary. For example, in Washington State Labor Counc. v. Federal Amer. Ins. Co., 474 P.2d 98, 103-04 (Sup. Ct. Wash. 1970) (en banc), it was held that a stockholder

> "who through inadvertence, mistake, or other reasonable cause is unable to vote or is prevented from casting his vote or his proxy votes during the regular time of balloting, will not be precluded from voting after the balloting has been closed and before the final results are officially announced, provided, such belated voting is not prohibited by statute, corporate bylaw, or other officially authorized and announced rules and is free from fraud, bad faith and/or over-reaching."

Cf. Young v. Jebbett, 213 App. Div. 744, 211 N.Y.S. 61 (4th Dep't 1925); Zierath Combination Drill Co. v. Croake, 131 P. 335 (Dist. Ct. App. Cal. 1913); State ex rel. Dunbar v. Hohmann, 248 S.W.2d 49 (App. Mo. 1952). But see Zachary v. Milin, 293 N.W. 770 (Sup. Ct. Mich. 1940); State ex rel. David v. Dailey, 158 P.2d 330 (Sup. Ct. Wash. 1945).

The Court is persuaded, however, that the restrictive language which appears in the Washington State case should not

be applied in technical fashion to the facts of this case. In that case, as well as in the other cases cited supra, the success or failure of a particular faction in electing its candidate to the board of directors, or in obtaining control of the board, hinged upon the validity of ballots cast or changed (for whatever reason) after the polls had been closed but before the election results had been officially announced. Since the validity of the contested ballots in the Washington State case, for example, was so crucial to the result of that election, it is understandable that the court, anxious to avoid any possible prejudice to the faction which opposed inclusionof the contested ballots, chose to set forth a more restrictive rule than that announced by the commentators quoted supra. In other words, in the typical situation, the courts must not only consider the interests of the shareholders in expressing their true intentions after the voting has formally ended, but must also consider the possible prejudice to those who oppose the inclusion of the contested ballots.

The instant case, however, is quite unique. Management will not be prejudiced if Liquifin obtains the relief which it requests: it has succeeded in obtaining the election of its entire slate and its seven-man majority will remain undisturbed. The only dispute here is which two of the nine gentlemen nominated by Liquifin will sit in seats for which Management declined to nominate its own candidates. Although the Court does not believe that Ronson ever promised Liquifin that it could select the individuals for those seats,

it also does not believe that Liquifin should be deprived of the opportunity to cast its votes as it sees fit by a party which has knowingly forfeited its right to nominate its own candidates for those seats. The only Ronson stockholders who could conceivably be prejudiced by the substitution of Marfuggi and Zoeller for Malone and Markley--the Hamblens--have not raised any objection. Moreover, it is difficult to understand why stockholders with 138 shares of stock should be able to override the choice of a stockholder with 1,559,776 shares even though the stockholder with the larger holdings attempted to change its vote before the results of the election were officially announced.

The only additional argument Ronson makes in opposition to this motion which necessitates any discussion is its charge that Liquifin has somehow violated the proxy rules. Ronson claims that, in its proxy statement, Liquifin represented that all of its proxies would be voted for all of its candidates. In fact, however, Liquifin merely promised that "the proxies solicited by Liquifin will be voted for all of Liquifin's candidates". Its July 5th instructions[7/] are entirely consistent with that pledge. Additionally, Ronson asserts that the reservation now expressed by Messrs. Malone and Markley--that they do not wish to serve on a board on which they would be in the minority--was never disclosed to the stockholders but that Liquifin represented in its proxy statement that each of the candidates would serve as a

director if elected. What Ronson fails to add is that Liquifin also stated that "in the event that any [of its nominees] shall be unavailable to serve, the persons named as proxy agents will vote their proxies for other candidates who shall be designated by Liquifin". Thus, all shareholders were advised that it was possible that some of Liquifin's nominees might be unavailable--for whatever reason--and that, in such event, Liquifin would have complete control over designating their replacements.

Since there has been no evidence of fraud, bad faith or overreaching, Washington State Labor Coun. v. Federated Amer. Ins. Co., supra, 474 P.2d at 103-04, and since there has been no showing of actual prejudice if Liquifin is permitted to clarify or correct the Finbow Ballot, the Court believes that there is no reason why Liquifin, owner of 36.4% of the outstanding stock of Ronson, should not be permitted to express its true intentions before the Final Report and Certificate of the Inspectors are published.

Accordingly, Liquifin's motion is granted.

So ordered.

Dated: New York, New York
August 21, 1974

/s/ CHARLES H. TENNEY
U.S.D.J.

RONSON CORPORATION,
Plaintiff,
-against-
LIQUIFIN AKTIENGESELLSCHAFT,
et al.,
Defendants.

74 Civ. 2488 (CHT)

FOOTNOTES

1/ Originally, Ronson sought to forestall the holding of the Annual Meeting on the ground that Liquifin had made material misstatements of fact and had failed to disclose material facts in its proxy materials and that Liquifin, as the largest single stockholder of Ronson, had breached its fiduciary duty toward the remaining Ronson stockholders. However, on June 12, 1974 the parties came to an amicable agreement in open court to proceed with the Meeting and to thereafter return to Court to receive any remaining disputes.

2/ The Hamblens' Ballot has been challenged by Liquifin on the ground that it designated a former Ronson director who was not even running for election at the time. However, since the parties have assumed for the purposes of this motion that the Hamblens' Ballot is valid, the Court need not decide this issue.

3/ It merely authorizes the proxies "to vote and act with respect to all the shares of Common Stock of the Corporation that [Finbow] would be entitled to vote if then personally present on the matters shown below." An authorized agent of Finbow has marked the box indicating that the votes should be cast "FOB" the election of new directors.

4/ An agent of Liquifin claims that, before the Annual Meeting was convened, he entered into an "understanding" with one of the Inspectors, Mr. Mead, to the effect that Liquifin could submit the Finbow Ballot "in blank" and thereafter clarify it once the polls had been closed. Mr. Mead denies this assertion. In any event, Liquifin's failure to obtain the approval of the other Inspector, Mr. Bloom, and Ronson, the other party to the Agreement, precludes this Court from recognizing the purported agreement.

5/ Paragraph 17 (b) of the Presumptions provided, in pertinent part, that:

FOOTNOTES
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"Where...(2) any one or more proxies submitted by a single nominee do not specify a designated number of shares, or (3) any other inconsistency or ambiguity exists in the opinion of the Inspectors with respect to the number of, or manner in which, shares are voted by a nominee, the Inspectors shall procure a written, telegraphic or telephonic statement from such nominee, as the Inspectors deem appropriate ...."

Ronson claims that, at a meeting of representatives of Ronson and Liquifin and the Inspectors on June 17, 1974, counsel for Liquifin waived the necessity for obtaining a clarification of the Finbow Proxy and Ballot in accordance with this Presumption. Liquifin denies that it waived its right. Since the Court will treat Liquifin's application as one to "change", rather than "clarify", the Finbow Ballot, the Court need not determine this issue.

6/ The law of New Jersey, which the parties agreed would be applicable to any disputes over the validity of proxies and ballots (Agreement ¶ 15), does not speak on this issue. Consequently, the Court has been referred to commentators in the field of corporate law and to cases in sister states.

7/ Liquifin has asked that the Finbow Ballot be marked so as to indicate that Marfuggi and Zoeller receive 1,559,776 votes each and that the other Liquifin candidates receive only 1,558,776 votes each.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

RONSON CORPORATION,	:	
Plaintiff,	:	74 Civil 2488 (C.H.T.)
-against-	:	NOTICE OF APPEAL
LIQUIFIN AKTIENGESELLSCHAFT, et al.,	:	
Defendants.	:	

S I R S :

PLEASE TAKE NOTICE that Ronson Corporation, the above-named plaintiff, hereby appeals to the United States Court of Appeals for the Second Circuit from the order made herein on August 21, 1974 which granted the motion of Liquifin Aktiengesellschaft for an order

(a) enjoining Ronson Corporation and the Inspectors of Election, Messrs. John P. Mead and Lawrence Bloom, from publishing as the final report of the results of the Ronson Corporation annual stockholders' meeting and Inspectors' Report dated July 8, 1974; and

(b) compelling Ronson Corporation and the Inspectors of Election to issue a final report reflecting Liquifin A.G.'s instructions, made on July 5, 1974, that the shares of its nominee, Finbow & Co. be so voted as to ensure the election of Oreste Marfuggi and Donald J. Zoeller, rather than James C. Malone and

John R. Markley, to the Ronson Corporation

Board of Directors.

Dated: New York, New York

August 29, 1974

SHEA GOULD CLIMENKO & KRAMER

By _____
A Member of the Firm
330 Madison Avenue
New York, New York 10017
Attorneys for Plaintiff

TO:

Clerk of the Court
United States District Court
Southern District of New York
United States Court House
Foley Square
New York, New York

MUDGE, ROSE, GUTHRIE & ALEXANDER
20 Broad Street
New York, New York 10005

74-1188-1

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

~~UNITED STATES DISTRICT COURT~~
~~SOUTHERN DISTRICT OF NEW YORK~~

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RONSON CORPORATION, :

Plaintiff, Appellant : 74-2161 ~~74 Civil 2488 (C.H.T.)~~

-against- : ORDER TO SHOW CAUSE

LIQUIFIN AKTIENGESELLSCHAFT, et al., :

Defendants: Appellees :

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Upon the annexed affidavits of Milton S. Gould and Lloyd E. Friesen, both sworn to on August 29, 1974 it is

ORDERED, that defendants show cause before this Court at 10:30 o'clock A.m., on the 10th day of ~~August~~ September in Room 1203 of the United States Court House, Foley Square, New York, New York, why an order should not be entered pursuant to Rule 62 of the Federal Rules of Civil Procedure staying, pending the appeal to and a determination of the appeal by the Court of Appeals for the Second Circuit, the execution, enforcement or implementation of the August 21, 1974 order of the United States District Court for the Southern District of New York:

(a) enjoining Ronson Corporation and the Inspectors of Election, Messrs. John P. Mead and Lawrence Bloom, from publishing as the final report of the results of the Ronson Corporation annual stockholders' meeting and Inspectors' Report dated July 8, 1974; and

(b) compelling Ronson Corporation and the Inspectors of Election to issue a final report reflecting Liquifin A.G.'s instructions, made on July 5, 1974, that the shares of its nominee, Finbow & Co., be so voted as to ensure the election of Oreste Marfuggi and Donald J. Zoeller, rather than James C. Malone and John R. Markley, to the Ronson Corporation Board of Directors;

AND, it clearly appearing to the Court that there are substantial issues of law to be appealed to the United States Court of Appeals for the Second Circuit; that a stay pending appeal to and a determination of the appeal by the Court of Appeals for the Second Circuit will in no manner harm or prejudice the rights or interests of defendant Liquifin A.G.; and that plaintiff will sustain immediate and irreparable harm by Liquifin A.G.'s execution, enforcement or implementation of the August 21, 1974 order; it is further

WRM Sept. 3, 1974

ORDERED, that execution enforcement and implementation by defendant Liquifin A.G., its officers, agents, employees, attorneys, and all persons acting under its control or by the Inspectors of Election, of the order made herein on August 21, 1974 be, and it hereby is, stayed pending the hearing and determination of this application; and it is further

ORDERED, that service of a copy of this order and the affidavits on which it is granted upon Mudge Rose Guthrie &

Alexander, 20 Broad Street, New York, New York at or before 3 p.m., on the 5 day of ~~August~~ September, 1974, shall be deemed good and sufficient service.

Dated: ~~August~~ Sept. 3, 1974

at 10:30 o'clock A.m.

S/ Walter R. Mansfield
U.S.D.J.
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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

RONSON CORPORATION,

Plaintiff,

against

LIQUIFIN AKTIENGESELLSCHAFT, et al.,

Defendants.

74 Civ. 2488 (C.H.T.)

A F F I D A V I T

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS:

MILTON S. GOULD, being duly sworn, deposes and says:

1. I am a member of the firm of Shea Gould Climenko & Kramer, attorneys for plaintiff Ronson Corporation ("Ronson"). I make this affidavit in support of Ronson's application for an order, pursuant to the Federal Rules of Civil Procedure, Rule 62, staying the execution, enforcement or implementation of the August 21, 1974 order ("the Order") of this Court pending appeal of the Order by Ronson to and a determination of the appeal by the Court of Appeals for the Second Circuit ("Court of Appeals"). Ronson's Notice of Appeal, a copy of which is annexed hereto marked "Exhibit A," was filed on August 29, 1974.

2. The Order which Ronson is appealing granted the motion of Liquifin Aktiengesellschaft ("Liquifin") to:

(a) enjoin Ronson and the Inspectors of Election, Messrs. John P. Mead and Lawrence Bloom ("Inspectors"), from publishing as the

final report of the results of the Ronson annual stockholders' meeting and Inspectors' Report dated July 8, 1974; and

(b) compel Ronson and the Inspectors to issue an amended final report reflecting Liquifin's instructions, made on July 5, 1974, that the shares of its nominee, Finbow & Co., be so voted as to ensure the election of Oreste Marfuggi and Donald J. Zoeller, rather than James C. Malone and John R. Markley, to the Ronson Corporation Board of Directors.

Background

3. The present action was commenced on June 7, 1974, when Ronson filed the summons and complaint herein. The complaint contains three counts. The first count is based upon defendants' breach of fiduciary duty and waste of corporate assets by taking actions which jeopardized and continue to jeopardize the continuation of Ronson's defense business, its Helicopter business, its radio transmission licenses, its $22 million indebtedness to the Prudential Insurance Company of America and its short-term bank lines of credit. The second count is based upon violations by defendants of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 and Rules 14a-9 and 14a-11 promulgated thereunder by making false and misleading statements in a proxy statement and letter to stockholders issued by defendants on or about June 3, 1974, in subsequent letters sent by Liquifin and in 14B Statements filed by certain defendants in May 1974. The third count is based upon violations by defendants of Sections 10(b), 13(d), 14(d), 14(e) and 20(a) of the Securities Exchange Act of 1934 and Rules 10b-5 and 10b-13

promulgated thereunder by purchasing Ronson common stock in the open market in the names of persons who were nominees for defendants or persons with whom defendants had arranged to "park" or "warehouse" the Ronson common stock being purchased. Plaintiff seeks preliminary and permanent injunctive relief, damages and costs.

4. Defendants Liquifin, Liquigas, Liquimportex and Marfuggi filed an answer on or about June 10, 1974 wherein they denied certain material allegations of the complaint and interposed a counterclaim based upon alleged violations by plaintiff and certain directors of plaintiff of Sections 10(b), 14(a) and 14(e) of the Securities Exchange Act of 1934 by allegedly making false and misleading statements in certain letters, proxy material, press releases and other communications issued by Ronson. The counterclaiming defendants also seek preliminary and permanent injunctive relief, damages and costs.

5. On June 13, 1974, the annual stockholders' meeting to elect nine directors to the Ronson Board of Directors took place. The election was contested and prior thereto both Ronson and Liquifin filed proxy material and solicited votes for competing slates. Ronson proposed a slate of only seven directors, intentionally leaving open two positions to be filled by stockholders, presumably including Liquifin, which held 36.36% of Ronson's stock in the event Ronson's management was successful in the contest for control of the board of directors. Liquifin, on the other hand, nominated a nine-man slate.

6. On June 12, 1974, representatives from Ronson's management and Liquifin entered into and executed a set of ground rules (an Agreement with accompanying Presumptions):

(i) for the orderly transaction of business at the annual meeting; and

(ii) for the Inspectors of Election to determine the authenticity, validity and effect of all ballots and proxies.

A copy thereof is annexed hereto marked Exhibit "B".

7. Thereafter on June 13, 1974, the election was held, the polls were declared closed and the Inspectors impounded all proxies and ballots. On June 20, 1974, the Inspectors verbally reported their "unofficial tally" of the results to both sides.

8. Thereafter, counsel for Ronson and Liquifin then agreed upon a schedule for the transpiring of further events. Pursuant to the schedule, challenges to proxies and ballots were to be heard on July 1, 1974, the Inspectors were to announce their rulings on July 2, 1974 and to issue their report and certificate on July 8, 1974.

9. On July 2, 1974, the Inspectors advised Ronson and Liquifin of the results of their tally. The results were that five of the seven Ronson management candidates had 2,255,525 votes, two of the seven Ronson candidates 2,255,387 votes, two of the nine Liquifin candidates 1,811,585 votes and seven of the nine Liquifin candidates had 1,811,447 votes. The two Liquifin candidates receiving the most votes were Messrs. James C. Malone and John R. Markley.

10. On July 5, 1974, after the final results of the vote had been disclosed to Liquifin (though not yet publicly announced), a telegram signed by Philip Marfuggi, acting on behalf of Liquifin, was delivered to the Inspectors instructing the Inspectors to vote the Liquifin shares in such a manner so as to give Messrs. Oreste Marfuggi and Donald J. Zoeller a larger number of shares than any of the other Liquifin nominees. This instruction was at variance with the ballot as cast by Liquifin, and in fact constituted a withdrawal of votes from some of certain Liquifin nominees and a shift of those votes to Marfuggi and Zoeller. The Inspectors refused to comply with the July 5 instructions and issued their report on July 8, 1974.

11. On July 9, 1974, Liquifin, in open court before Judge Tenney, moved to enjoin the Inspectors and Ronson management from publishing the July 8, 1974 report and to compel the Inspectors to issue a final report reflecting the July 5, 1974 instructions. At the same time, Liquifin's attorneys announced that Messrs. Malone and Markley ". . . would prefer not to serve under circumstances where they are only a minority on a Ronson-controlled board as distinguished from the majority on a Liquifin-controlled board" but that they would serve on Ronson's board as minority directors if Donald Zoeller or Oreste Marfuggi were not allowed to do so. This was the first suggestion that the candidacy of Malone and Markley was conditional. It also fell short of a claim that they were unavailable to serve as directors.

12. On July 10, 1974, at the reconvened annual shareholders' meeting, the seven management candidates were declared elected.

13. On August 21, 1974, this Court, Hon. Charles C. Tenney, U.S.D.J., issued an opinion and order granting the relief requested by Liquifin. A copy thereof is annexed hereto marked Exhibit "C". By the present application, plaintiff seeks a stay of such order pending appeal to the United States Court of Appeals for the Second Circuit.

Basis of the Court's Decision

14. The opinion of the Court set forth the following reasons for granting Liquifin's motion:

(a) Ronson had urged that portions of the agreement setting forth the ground rules precluded the relief sought by Liquifin, particularly the portions of the agreement providing that the polls be closed at 4 P.M. on June 13, 1974; that "thereafter no further voting shall be permitted and no further proxies or ballots shall be accepted or considered by the Inspectors . . ."; and that "prior to the closing of the polls, proxies or ballots and evidence must be delivered to the Inspectors at the Ronson Annual Meeting . . . ." The Court held that the foregoing provisions merely prevented the filing of additional ballots and did not preclude Liquifin from changing its "timely offered ballot" (Opinion pp. 6-7).

(b) The Court also held that under general corporate law a stockholder may change his vote at any time before the result is formally announced, relying upon 5 Fletcher Encyclopedia Corporations §§ 2017 at 104 (Perm. Ed. Rev. 1967) and E. Aronow and H. Einhorn, Proxy Contests for Corporate Control, at 367 (2d Ed. 1968) (Opinion pp. 7-10).

(c) The Court rejected Ronson's contentions that Liquifin's statement in its proxy materials that "the proxies solicited by Liquifin will be voted for all of Liquifin's candidates" and Liquifin's failure to disclose therein that Messrs. Malone and Markley would not wish to serve on a board on which they would be a minority did not violate the proxy rules. It held that Liquifin's statement in its proxy materials that "in the event that any [of its nominees] shall be unavailable to serve, the persons named as proxy agents will vote their proxies for other candidates who shall be designated by Liquifin" sufficiently disclosed that Messrs. Malone and Markley might not serve (Opinion pp. 10-11).

(d) The Court saw no prejudice to Ronson in seating Marfuggi and Zoeller in place of Malone and Markley and noted the absence of objection by "the Hamblens" -- the shareholders whose ballot, cast in person at the June 13, 1974 annual meeting, resulted in a plurality for Malone and Markley.

Reasons Why the Stay Should be Granted

15. We urge that execution, enforcement or implementation of the Order should be stayed pending determination of

Ronson's appeal for two reasons:

(a) this case involves serious and substantial questions of law, some of which are questions of first impression in this Circuit and therefore in need of review by the Court of Appeals before becoming precedent in this Circuit; and

(b) Ronson and its independent voting stockholders will be immediately and irreparably damaged by the execution, enforcement or implementation of the Order, and will be severely prejudiced thereby.

16. The serious and substantial questions of law involved in the present case are as follows:

(a) whether a party to an agreement that sets the time for closing of the polls and provides that after the polls are closed "no further voting shall be permitted and no further proxies or ballots shall be accepted or considered by the Inspectors" may in fact, after the polls are closed as provided in the agreement, withdraw votes cast for certain candidates and cast them for other candidates;

(b) whether, as a matter of law, a stockholder may change (not merely correct) his ballot after some, but not all, of the shareholders know

the election results apart from such change, provided only that such change is made prior to the formal announcement of the election results, even if other shareholders do not have like opportunity to change their ballot;

(c) whether proxy materials disclosing only that if certain nominees of the solicitor shall be "unavailable to serve," the proxy agents shall vote their shares for other candidates of the solicitor, fairly advise the shareholders that certain nominees are willing to serve only if all the nominees are elected;

(d) whether the proxy rules are violated by a party who states in its proxy materials that the proxies solicited by it will be voted for all of its candidates, but who then in fact votes such proxies so as to favor two specific candidates to the exclusion of all others;

(e) whether two nominees who have been elected on a representation that if they become "unavailable to serve," proxies designated for them will be voted for others, and who remain willing to serve unless their places are filled by two other specified persons, are in fact "unavailable to serve" within the meaning of that phrase as used in the proxy materials;

(f) whether, consistent with due process, the effect of the vote of a shareholder A, cast in person at the shareholders meeting, can be nullified by subsequent court action on motion by shareholder B without notice to shareholder A.

17. The serious and substantial nature of the questions set forth in subparagraphs (a) and (b) of paragraph 16 above, is, we think, abundantly clear. Moreover,

(a) Those questions have never been decided by this Circuit or in New Jersey, the state whose law is applicable. Indeed, the Court distinguished all cases cited by the parties, found that none of the cases cited by either side was in point and relied solely upon statements of law in two treatises.

(b) To our knowledge, no court has ever held that a stockholder may correct other than inadvertent errors, promptly after the formal closing of the polls. In the present case, the Court recognized that there was no inadvertent "error" and permitted voting changes made 22 days after closing of the polls.

(c) The effect of this holding is that long after all ballots have been regularly voted and after the results are known to certain stockholders, the stockholders privy to that informa-

tion may amend their ballots and change the results. The stockholders so favored will be given an advantage not had by any other stockholder and, of course, other stockholders may then wish to change their ballots in the light of the new information. The necessary finality achieved by closing of the polls is thus totally vitiated. Indeed, proxy solicitation itself would continue the see-saw scramble with both sides in court trying to delay the "formal announcement" of the ultimate result.

18. Similarly, questions (c), (d) and (e) in paragraph 16 above are serious and substantial. Liquifin's proxy statement represented unequivocally that each of its candidates had "consented to serve as a director if elected" and that "Liquifin does not contemplate that any of the candidates will be unavailable for election as a director." Now Liquifin asserts that Messrs. Markley and Malone have become "unavailable" because they "prefer" not to serve on a management-controlled board of directors. We submit that shareholders of Ronson were entitled to be informed of such hidden reservations at the time they were asked to vote for the Liquifin slate. We are aware of no other case where a court has permitted a party to solicit proxies for certain individuals who are only willing to serve on conditions not stated to the shareholders whose votes such party is soliciting.

19. It is respectfully submitted that unless a stay is granted and Messrs. Marfuggi and Zoeller are prevented from serving on Ronson's Board of Directors pending a determination of the appeal herein, Ronson will suffer immediate and irreparable harm by requiring Ronson to accept as directors on its board two individuals who will, if the Court of Appeals reverses the District Court's order, be found not to have been properly elected to the two directorships. The importance to Ronson of its continued eligibility for industrial facility security clearance has been fully developed in the affidavits and pleadings on file in this case. The connection of Marfuggi to Liquifin (brother of Philip Marfuggi, President of Liquigas) and the connection of Zoeller to Liquifin (trial counsel in past and present litigation) differ not merely in degree but in kind from that of Malone and Markley, who have served as officers of U.S. companies, not beholden to the Liquifin-Liquigas interests. The seating of Marfuggi and Zoeller add to the peril to Ronson's facility security clearance arising out of the foreign citizenship of Liquifin. Moreover, the presence of Messrs. Marfuggi and Zoeller on the Ronson board must seriously disrupt and hamper its deliberations. They are, and have been, among Ronson's principal adversaries over the recent past. Mr. Marfuggi is the brother of Mr. Philip Marfuggi, the President of Liquigas and a defendant in this action. Mr. Zoeller is lead counsel for the principal defendants in this action in which his firm as filed an answer and counterclaim against not only Ronson, but all of the directors who have been reelected to the board and with whom he would be sitting during the ensuing twelve month period. Apart

from any questions of propriety, the prejudice to Ronson of having Mr. Zoeller sit on the board is obvious. The presence at board meetings of the trial lawyer who has named his fellow directors as defendants in pending litigation and who, presumably, will be conducting their depositions in pre-trial discovery and will be examining or cross-examining them in the course of trial, must not only be disruptive, but is bound to have a chilling effect on the kind of free and open discussion which directors must have if they are to properly serve the shareholders. Also, Mr. Zoeller's role as chief advocate on behalf of a hostile minority stock interest such as Liquifin is inconsistent with his fiduciary duty to the remaining shareholders.

20. We can conceive of no harm to Liquifin if the requested stay is granted. To ensure this, Ronson undertakes that, pending the determination of its appeal by the Court of Appeals, it will not publish the Inspectors' Report dated July 8, 1974 as the Final Report, it will instruct the Inspectors not to publish such report as the final report and it will pursue its appeal as expeditiously as possible.

WHEREFORE, it is respectfully urged that Ronson's application for a stay pending appeal to and a determination of such an appeal by the Court of Appeals be granted.

MILTON S. GOULD

Sworn to before me this
29th day of August, 1974.

Notary Public

GRACIE V. [illegible]
Notary Public, State of New York
[illegible]
Certificate Filed in New York County
Commission Expires March 30, 1976

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- x

RONSON CORPORATION :

Plaintiff, : 74 Civil 2488 (C.H.T.)

-against- : NOTICE OF APPEAL

LIQUIFIN AKTIENGESELLSCHAFT, et al., :

Defendants. :

- x

S I R S :

PLEASE TAKE NOTICE that Ronson Corporation, the above-named plaintiff, hereby appeals to the United States Court of Appeals for the Second Circuit from the order made herein on August 21, 1974 which granted the motion of Liquifin Aktiengesellschaft for an order

(a) enjoining Ronson Corporation and the Inspectors of Election, Messrs. John P. Mead and Lawrence Bloom, from publishing as the final report of the results of the Ronson Corporation annual stockholders' meeting and Inspectors' Report dated July 8, 1974; and

(b) compelling Ronson Corporation and the Inspectors of Election to issue a final report reflecting Liquifin A.G.'s instructions, made on July 5, 1974, that the shares of its nominee, Finbow & Co. be so voted as to ensure the election of Oreste Marfuggi and Donald J. Zoeller, rather than James C. Malone and

John R. Markley, to the Ronson Corporation

Board of Directors.

Dated: New York, New York

August 29, 1974

SHEA GOULD CLIMENKO & KRAMER

By _____
A Member of the Firm
330 Madison Avenue
New York, New York 10017
Attorneys for Plaintiff

TO:

Clerk of the Court
United States District Court
Southern District of New York
United States Court House
Foley Square
New York, New York

MUDGE, ROSE, GUTHRIE & ALEXANDER
20 Broad Street
New York, New York 10005

AGREEMENT RELATING TO 1974 ANNUAL MEETING OF STOCKHOLDERS

OF

RONSON CORPORATION

Agreement made as of this 13th day of June, 1974 by and on behalf of Ronson Corporation ("Management" or "Company"), and Liquifin A.G. ("Liquifin"). The Company and Liquifin are sometimes referred to herein collectively as the "parties" and individually as "party".

The Annual Meeting of Stockholders of Ronson Corporation has been called to be held in Newark, New Jersey on June 13, 1974 at 2:30 P.M.

Management and Liquifin have been engaged in a proxy contest in connection with the election of directors at said meeting and the parties desire to agree upon certain procedures and rules with respect to the conduct of the meeting, the manner of voting, rebuttable presumptions concerning the validity of proxies and ballots and other matters.

The parties agree that they have reached and will adhere to the understandings hereinafter described.

1. The Company has appointed Messrs. John P. Mead and Lawrence Bloom of The Corporation Trust Company of New York to serve as Inspectors (the "Inspectors") and Liquifin agrees to such appointment. In the event that any of such persons shall fail to become or cease to be an Inspector before completion of his duties, the remaining Inspector may continue to act without appointing a successor Inspector or if he so desires may request and there shall be appointed a successor who shall be an employee of The Corporation Trust Company and acceptable to the parties.

2. The rules set forth in the attached "Rules and Presumptions Concerning the Validity of Proxies" (herein called "Presumptions") shall be applied by the Inspectors in determining the authenticity, validity and effect of proxies and ballots, provided that they shall be rebuttable by proper evidence acceptable to the Inspectors, delivered to them prior to the closing of the polls, or before any appropriate tribunal or forum.

Nothing contained herein or in the attached Presumptions shall constitute a waiver or restriction in any manner of the right of either party to rebut any such Presumptions or to challenge the application of the Presumptions by the Inspectors to any proxy or ballot or to contest such application or decision of the Inspectors with respect thereto before any appropriate tribunal or forum or the waiver of the right of either party to challenge the validity of any proxy or ballot.

The failure to set forth herein any other presumptions regarding the validity of a proxy will not be deemed to create any further presumption (whether positive or negative) as to any proxy.

3. A roll call, the reading of the affidavit of mailing of the notice of meeting, and the reading of the minutes of the preceding meeting shall be dispensed with but such documents shall be available for inspection at the meeting or any adjourned meeting.

4. There shall be no formal presentation by either party of prepared statements, arguments or positions on the

issues nor any nominating or seconding speeches and both parties shall attempt to avoid the injection of controversy into the stockholders' meeting except that the above restrictions of this paragraph shall not apply to (a) a five minute summary of position by each party or (b) any stockholder not associated with either party asking appropriate questions from the floor and receiving responses thereto or (c) the President's annual report to the stockholders.

5. The polls shall be opened immediately after completion of the nominations and the introduction of the proposal on the ratification of the appointment of Auditors for the Company and shall remain open until 4:00 P.M. Newark Time on June 13, 1974, or such earlier time as the discussion on matters to be voted upon has been concluded, and shall thereupon be closed; and thereafter no further voting shall be permitted and no further proxies, ballots shall be accepted or considered by the Inspectors except as provided in the Presumptions.

6. Prior to the closing of the polls, proxies, ballots and evidence must be delivered to the Inspectors at the Ronson Annual Meeting at the Robert Treat Hotel.

7. The Inspectors shall file their final certificate regarding the outcome of the meeting as soon as practicable after 72 hours prior written notice to both parties.

8. The Inspectors shall have the custody and shall be in complete charge of and responsible for the safekeeping of the proxies, ballots and other evidence and a certified list of stockholders from the time of their filing and depositing with the Inspectors until the Inspectors shall file their final certificate regarding the outcome of the meeting. Thereafter, for the purposes expressed in the next sentence, for an additional period of one month such proxies, ballots and other evidence and a certified list shall continue to remain in the custody and safekeeping of the Inspectors at a place designated by The Corporation Trust Company, with attendant expense to be shared equally by the parties. During such one-month period, upon 24-hours' prior written notice to the other party and to The Corporation Trust Company of an intention to inspect the documents, representatives of either party shall be entitled to inspect the documents and make excerpts therefrom and make copies thereof during reasonable business hours. The other party shall have the right to have representatives present during such inspection. At the end of such one-month period the Inspectors shall deliver the documents referred to in the first sentence of this paragraph to the Secretary or any Assistant Secretary of the Company to be kept in safekeeping by him and the documents shall continue to be available for inspection, for a period not to exceed 12 months, by either party on reasonable written notice.

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the Inspectors without interference by and without the presence of either of the parties, shall examine the proxies and ballots and "match up" the proxies in such a manner that they will be separately identified and labeled as follows: (a) one separate group of proxies which the Inspectors deem to be valid running to Management, which are to be subdivided into (i) proxies or ballots related to Ronson shares registered in the name of officers and directors of Ronson and (ii) proxies or ballots related to Ronson shares registered in the name of persons other than those persons described in (a)(i), (b) a similar group of proxies running to Liquifin, which are to be subdivided into (i) proxies or ballots related to Ronson shares registered in the name of Liquifin, Finbow and their nine nominees for directorship and (ii) proxies or ballots related to Ronson shares registered in the name of persons other than those persons described in (b)(i), (c) a third group labeled "stand-offs" (which involve situations where the Inspectors cannot determine which of two or more conflicting proxies running to the respective parties was in fact executed later), and (d) "set-asides" which, in the opinion of the Inspectors, raise questions on which the Inspectors would like to hear argument from the parties. In each of the categories (a), (b) and (d) above the Inspectors shall separately identify and label broker and nominee proxies. Each party shall have the right to have three representatives present on Monday, June 17, 1974 at the place designated by the Inspectors, beginning at 10:00 A.M. at which time the Inspectors will commence examination and counting of broker and nominee proxies and ballots and the parties shall have the right to make copies of the same.

The Inspectors shall mark the certified stockholder list to reflect how many shares each registered stockholder voted for the nominees of each party.

The Inspectors shall as soon as practicable make an unofficial tally of the results of the voting in the foregoing categories and shall release the information concerning the same to both parties simultaneously. Thereupon the parties shall have the period of one week, beginning

on a date as early as practicable as both parties may agree but not later than the third business day following notice of the unofficial tally, to examine the proxies and ballots, other evidence and the marked certified list at the location designated above pursuant to this paragraph 9. Prior to a party examining the documents referred to in the immediately preceding sentence, such party shall give the other party 24 hours' prior written notice. Extracts therefrom and copies thereof may be made by the parties in the presence of the Inspectors and of each other's representatives. During such period on 24 hours' prior written notice the parties may present their arguments and challenges to the Inspectors. At the end of such one week period, or such other time as the parties may agree upon, or as the Inspectors may require, the Inspectors shall make their final rulings and final tabulation of the results of the voting and present the figures simultaneously to both parties and shall also present to Management a certified report of the results of such voting with a copy to Liquifin.

10. When the business of the meeting on the initial day thereof, June 13, 1974, shall have been completed, the meeting shall be adjourned to 2:30 P.M. Newark Time on June 27, 1974, at the Robert Treat Hotel in Newark, New Jersey, to receive the final report and certificate of the Inspectors. If the final report is not then available as provided in paragraph 7 hereof, the meeting shall be further adjourned by adjournment or adjournments to a specific date, time and place, in each instance, as may be required.

11. The Chairman shall recognize the presence of a quorum and the meeting shall proceed as though a quorum were present subject to verification thereof by the Inspectors.

12. The Company shall arrange to have an official court reporter at the meeting, each party shall be furnished with a copy of the transcript simultaneously, and the parties shall divide the total expenses therefor equally.

13. The parties agree that their respective proxy agents will vote all the shares they are entitled to vote in favor of any resolution that may be necessary to effectuate this Agreement.

14. Management will provide sufficient seats in the front rows of one-half of the meeting room for twenty representatives of Liquifin, including nominees for directorships in attendance. Access to the meeting room shall be permitted for these representatives.

15. The validity of proxies and ballots shall be determined in accordance with New Jersey law without giving effect to New Jersey conflict of laws principles.

16. Notice to Ronson, unless otherwise specified, shall be deemed given if ~~given~~ hand delivered to:

Shea Gould Clemenko & Kramer
330 Madison Avenue
New York, New York 10017

Notice to Liquifin, urless otherwise specified, shall be deemed given if ~~given~~ hand delivered to:

Mudge Rose Guthrie & Alexander
20 Broad Street
New York, New York 10005

IN WITNESS WHEREOF, the Company and Liquifin have caused this instrument to be signed in their respective behalf by their respective counsel.

RONSON CORPORATION

By Shea Gould Clemenko & Kramer

By Michael Lesch

LIQUIFIN A.G.

By Mudge Rose Guthrie & Alexander

by Donald F. Parker

Attachment to

Ronson-Liquifin Agreement

dated June 13, 1974

RULES AND PRESUMPTIONS CONCERNING THE VALIDITY OF PROXIES

1. (a) A proxy shall not be deemed invalid because the signature is hand printed, written in pencil or crayon, or because the proxies from brokers, banks, nominees, corporations and partnerships bear a rubber stamp or facsimile signature.

(b) Initials may be used for first and middle names, names may be used for the first and middle initials, and first and middle names or initials may be added or omitted. Furthermore, if the manner in which a stockholder signed the proxy card constitutes a slight change or a variation in spelling from, but is phonetically similar to, the manner in which his name is printed on the stock ledger of the Company the Inspectors shall ignore such variation unless the challenging party can furnish proof that the variation renders the proxy invalid because it was not signed by the proper person.

(c) Titles such as Mr., Mrs., Miss, Ms. or Dr. may be added or omitted without affecting the validity of the proxy.

(d) The addition of an address different from that appearing on the stock ledger shall not void the proxy.

(e) Where the surnames of two or more joint owners are identical they need not be repeated in the signature: for example, stock registered in the name of "John Jones and Mary Jones" shall be valid if the proxy is signed as "John and Mary Jones" or as "John Jones and Mary."

2. Proxies need not be dated to be valid.

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3. If a stockholder gives proxies to each of the contending parties in the proxy contest and proxies running to each bear execution dates, then as between those proxies, the proxy bearing the latest date shall prevail.

4. If the latest dated proxy running to each party bears the same execution date then the envelopes in which the proxies were received shall be examined and the proxy whose corresponding envelope has the later dated postmark shall prevail and, if in such instance the postmark dates are likewise the same, the proxy related to the postmark stamped PM shall be deemed later than the proxy related to the postmark of the same date stamped AM.

5. If the proxy running to one party is dated and a conflicting proxy running to the other party is undated, the undated proxy shall be deemed to bear an execution date as of the postmark date of its accompanying envelope, if any, and the proxy bearing or deemed to bear the latest execution date shall prevail.

6. Where a proxy shows on its face that it has been postdated (i.e. where the postmark date is earlier than the execution date) or the date is illegible or clearly erroneous, it shall be deemed dated as of the postmark date.

7. A dated proxy, or an undated proxy with an envelope bearing a postmark date, shall be deemed to be later dated than an undated proxy with no envelope.

8. The fact that an executed proxy card has no name, address or number of shares stenciled or printed thereon shall be immaterial provided that the signature is deemed legible by the Inspectors.

9. Except in the case of brokers, a proxy representing shares registered in the name of a corporation, association, church, religious, educational, charitable, fraternal or social organization, foundation, society, or governmental unit must be signed by an officer or other person purporting to act in an official capacity in behalf of such shareholder and when signed shall not be invalid by reason of the form of signature, in the absence of evidence or lack of authority of such person to act. No corporate seal, attestation, or copy of by-laws or resolution conferring authority is necessary. Where the stockholder's name appears on the face of the proxy, failure to repeat such name as part of the signature will not invalidate the proxy. ~~A proxy signed merely in the name of the stockholders described in this paragraph, but without the manual signature of an individual purporting to act on behalf of such stockholder, is presumptively invalid.~~

10. Where shares are registered in the name of a partnership, proxies signed in the partnership name only, or in the partnership name by a general partner or other person purporting to act with authority, or by a general partner only, shall be valid by reason of the form of signature in absence of evidence that the signature was made without authority.

11. Where shares stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two or more persons have the same

fiduciary relationship respecting the same shares, the proxy executed by one of such persons in his name only shall be sufficient provided there is no evidence of disagreement between such persons. In the event that such evidence is present, as in the case of a proxy signed by another such person and running to the other of the contending parties in the proxy contest, the written agreement, if any, which governs the manner in which such shares voted shall control if presented prior to the closing of the polls. If no such agreement is presented during that period the vote of the majority in number of such persons voting shall control. If there be no such majority, or if there be two such persons each of which has executed a proxy running to different contending parties in the proxy contest, the shares shall, for the purposes of voting, be divided equally among such persons who voted.

12. Where shares are registered in the name of a minor or in the name of a minor under the guardianship of a designated person or in the name of a person designated as a guardian, a proxy executed by the minor shall be invalid and shall not be counted as a vote cast unless there is some indication that the minor has reached his majority.

13. Where shares are registered in the name of a fiduciary, a proxy signed by the registered stockholder, without indicating his fiduciary status, shall be presumptively valid.

14. (a) A proxy executed by a person purporting to be acting in any representative or fiduciary capacity shall be deemed valid without the necessity of proof of appointment or proof of the death of the registered holder.

(b) Where stock is standing in the name of a person, firm or corporation and there is an indication from the manner in which such stock is registered that such person, firm or corporation is holding that stock in any representative or fiduciary capacity, a proxy may be executed by such person, firm or corporation and shall be acceptable even though the capacity in which the proxy was signed is not set forth.

(c) In the case of (a)-(b) of this section, if the authority so to sign the proxy is challenged the person making such a challenge must present proof of lack of capacity.

15. A stockholder, including a broker, may not be credited with more shares than are registered in his name, or the combined total registered in the successor firm or corporation including all its or their various predecessors.

16. In determining the validity of the execution of proxies the Inspectors shall be governed by these Presumptions to the extent applicable. The Inspectors shall have the power to interpret and construe these Presumptions.

17. Notwithstanding any previous provision herein:

(a) A nominee proxy may be signed in the name of the nominee as registered, whether an individual, partnership or corporation, without requiring the signature of

an individual as a partner or as an officer.

(b) Where (1) the total number of shares represented by proxies submitted by a single nominee exceeds the total number of shares registered in the name of such nominee, or (2) any one or more proxies submitted by a single nominee do not specify a designated number of shares, or (3) any other inconsistency or ambiguity exists in the opinion of the Inspectors with respect to the number of, or manner in which, shares are voted by a nominee, the Inspectors shall procure a written, telegraphic or telephonic statement from such nominee, as the Inspectors deem appropriate and after receiving and considering such information the Inspectors shall determine the manner in which the proxies shall be voted by such nominee.

18. Notwithstanding any previous provision herein:

(a) All proxies received from a broker, which specify a designated number of shares, will be counted regardless of date, provided (1) the total number of shares represented by such proxies does not exceed the total number of shares registered in the name of such broker, and (2) no proxy or proxies revoke any prior proxy or proxies by specific language in addition to that appearing on the printed proxy forms. To the extent any such proxies shall, by specific language in addition to that appearing on the printed proxy forms, revoke any prior proxy or proxies, such revocation shall be given effect.

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(b) Where (1) the total number of shares represented by proxies submitted by a single broker exceeds the total number of shares registered in the name of such broker or (2) any one or more proxies submitted by a single broker does not specify a designated number of shares, or (3) any other inconsistency or ambiguity exists, which in the opinion of the Inspectors with respect to the number of, or manner in which, shares are voted by a broker, the Inspectors shall procure a written telegraphic or telephonic statement from such broker, as the Inspectors deem appropriate, and after receiving and considering such information, the Inspectors shall determine the manner in which the proxies shall be voted. Notwithstanding anything herein contained, in the absence of other ambiguity, a broker proxy which does not specify a designated number of shares shall be valid for the number of shares registered in the name of such broker where the number of shares so registered does not exceed 500.

(c) Brokers' proxies may be signed in the name of the broker as registered, whether an individual, partnership or corporation, without requiring the signature of an individual as a partner or as an officer.

19. Where appropriate herein, the use of the word "proxy" shall be deemed to include the words "ballot" and "revocation".

20. These Presumptions shall apply only to the proxies and ballots of the Company and Liquifin.

ADDENDUM TO AGREEMENT made as of the 13th day of June, 1974 by and on behalf of Ronson Corporation ("Management" or "Company") and Liquifin A.G. ("Liquifin").

The parties agree that they have reached and adhere to the following further understanding:

1. Neither party shall make any public announcement or give any publicity to the unofficial tallies of the Inspectors' results of the voting.

2. The parties shall announce the final tabulation of Inspectors in court at a hearing before the Hon. Charles Tenney to be sought on the day or the day after such final tabulation is ready.

3. The parties shall try to prevent any public announcement or publicity until the announcement as provided in paragraph 2 above, provided this shall not prevent any announcement (1) which counsel advises is legally required to be made; or (2) in response to publicity not inspired by the party making the announcement

4. The examination of proxies and ballots, etc. referred to in Section 10 of such agreement dated June 13, 1974 shall begin on Monday, June 24, 1974.

5. This addendum shall not modify or amend any other provisions of the aforesaid agreement dated June 13, 1974.

RONSON CORPORATION
By Shea Gould Climenko & Kramer

By _____

LIQUIFIN A.G.
By Mudge Rose Guthrie & Alexander

By _____

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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RONSON CORPORATION,

Plaintiff,

-against-

LIQUIFIN AKTIENGESELLSCHAFT, et al.,

Defendants.

----------x

74 Civ. 2488 (CHT)

MEMORANDUM

TENNEY, J.

Defendant Liquifin A.G. ("Liquifin") seeks an order enjoining plaintiff Ronson Corporation ("Ronson") and Inspectors John P. Mead and Lawrence Bloom from publishing as the final report of the results of the Ronson annual stockholders' meeting ("Annual Meeting") and "Inspectors' Report" dated July 8, 1974 and compelling Ronson and the Inspectors to issue a final report which reflects Liquifin's instructions, made on July 5, 1974, that the shares of its nominee, Finbow & Co. ("Finbow") be voted so as to ensure the election of Oreste Marfuggi and Donald J. Zoeller, rather than James C. Malone and John R. Markley, to the Ronson Board of Directors ("the Board").[1/] For the reasons stated infra, the motion is granted.

The relevant facts are as follows. An annual meeting

to elect nine directors to the Ronson Board and ratify the appointment of auditors for the year 1974 was scheduled to take place on June 13, 1974. It is the former matter with which we are concerned.

The Ronson Management ("the Management") proposed a slate of only seven candidates. It is Management's contention that this was done in deference to Liquifin, which beneficially owned 36.4% of the outstanding stock in Ronson and which was, consequently, the largest single shareholder in Ronson. In opposition to this seven-man slate, Liquifin nominated its own nine-man slate, stating in its proxy materials to Ronson shareholders that:

> "Each of the candidates listed below...has consented to serve as a director if elected, and Liquifin does not contemplate that any of the candidates will be unavailable for election as a director. However, in the event that any of them shall be unavailable to serve, the persons named as proxy agents will vote their proxies for other candidates who shall be designated by Liquifin."

The day before the Meeting was commenced, representatives of Management and Liquifin executed a set of "ground rules"--an Agreement and accompanying Presumptions. The Agreement, which provided for the appointment of Messrs. Mead and Bloom as independent inspectors of the election, also stated that the Presumptions were to be used by the Inspectors to determine the authenticity, validity and effect of all proxies and ballots. Additionally, the parties to the Agreement provided that nothing contained in the Agreement or Presumptions would

> "constitute a waiver or restriction in any manner of the right of either party to rebut any such Presumptions or to challenge the application of the Presumptions by the Inspectors to any proxy or ballot or to contest such application or decision of the Inspectors with respect thereto before any appropriate tribunal or forum...." (Agreement ¶ 2).

The Annual Meeting was duly held as scheduled and, at the close of the polls, was adjourned pending the counting of the ballots and the issuance of a Final Report and Certificate of the Inspectors. (The parties agreed to withhold public announcement of the results until July 9, 1974, when they were scheduled to appear before this Court. The Annual Meeting has now been adjourned pending this Court's determination of the instant motion, and the Final Report and Certificate have not been issued as of this date.)

On June 20, 1974, the Inspectors privately announced to representatives of Management and Liquifin the results of their "unofficial tally". Their tally indicated that five of the seven Management nominees had each received 2,255,525 votes; that the two remaining Management nominees had each received 2,255,387 votes; that two Liquifin nominees--Malone and Markley--had each received 1,811,585 votes; and that each of the seven remaining Liquifin nominees had received 1,811,477 votes. The apparent election of Malone and Markley as Liquifin's representatives on the Board came about because (1) the Inspectors interpreted the Finbow Ballot as directing that 1,559,776 votes (Finbow held 1,559,776 shares in Ronson) be

cast for each of the nine Liquifin nominees and (2) Mr. and Mrs. Collins B. Hamblen, shareholders unaffiliated with Liquifin, split their ballot, casting 138 votes for each of five management candidates[2/] and 138 votes for two Liquifin nominees--Malone and Markley.

On July 5, after these results had been released but before the Inspectors were scheduled to issue their Final Report, Liquifin--through Finbow's proxies--notified the Inspectors that it wished to designate on the Finbow Ballot the exact number of votes to be cast for the Liquifin nominees so as to ensure that Marfuggi and Zoeller, rather than Malone and Markley, be elected to the Board as "minority" directors. The Inspectors, under the impression that the Agreement precluded them from acting upon these instructions since the polls were officially closed, filed with this Court a Report dated July 8, 1974 which designates Malone and Markley, rather than Marfuggi and Zoeller, as Ronson directors. It is the publication of this Report as the Final Report which Liquifin seeks to prevent.

As matters now stand, Malone and Markley have indicated that they do not wish to serve as minority directors and are therefore "unavailable" to serve on the Board subject to the availability of Marfuggi and Zoeller to serve in their place. Mr. and Mrs. Hamblen have made no representations to the Court regarding the substitution of Marfuggi and Zoeller in place of the two Liquifin nominees for whom they voted. Ronson, however, opposes the substitution on the ground that

it would be contrary to the Agreement and applicable law and that it would be inequitable. The Inspectors have indicated their willingness to abide by this Court's determination of the matter and, if necessary, to issue a Final Report which reflects Liquifin's July 5th instructions.

At the heart of this dispute is the Ballot submitted on behalf of Finbow before the polls closed. In the place marked "Number of Shares", Finbow's proxies entered the words "Per Proxies Filed" and under "Item # 1. Election of Directors", they marked an "x" across from the line reading "All 9 (Liquifin) Nominees". However, the spaces provided on the Ballot for the purpose of indicating the number of votes to be cast for each of the nine Liquifin nominees (in this case, a maximum of 1,559,776 votes per nominee) were left blank. The Finbow Proxy is similarly unilluminating in this regard.[3/] Liquifin apparently believed, whether reasonably or not,[4/] that by submitting the Finbow Ballot in this form, it could later "clarify" its vote by filling in the spaces that had been left blank, so long as it did so before the Inspectors issued their Final Report of the election results.

Ronson asserts that the Finbow Ballot was not filed "in blank", as Liquifin contends, but that in its present form, the Ballot indicates that all of Finbow's votes are to be cast in favor of each of the nine Liquifin nominees. Alternatively, Ronson argues that even if the Ballot might

have been considered ambiguous, counsel for Liquifin waived an opportunity to clarify the Ballot.[5/] The filing of this "new" or "changed" Ballot, Ronson asserts, is precluded by the Agreement but, even assuming arguendo that the Agreement does not preclude the filing of this Ballot, Ronson also argues that Liquifin has no legal right to change its vote.

The Court is of the opinion, having examined the authorities cited and the papers submitted by both sides, that Liquifin is entitled to the relief it seeks.

The Court will assume for the purposes of this motion that Liquifin is, in fact, attempting to "change" its Ballot. Therefore, the initial question before this Court is whether the Agreement precludes Liquifin from doing so. The two portions of the Agreement upon which Ronson relies are paragraphs 5 and 6. Paragraph 5, after providing that the polls shall be closed at 4:00 P.M. on June 13, 1974, states that "thereafter no further voting shall be permitted and no further proxies or ballots shall be accepted or considered by the Inspectors...." Paragraph 6 states that "Prior to the closing of the polls, proxies, ballots and evidence must be delivered to the Inspectors at the Ronson Annual Meeting ...." Ronson argues that these paragraphs not only prohibit the filing of additional ballots and proxies after the polls have been closed, but also preclude a shareholder from changing his ballot in any manner once the polls are closed. The Court believes that Ronson's is a rather strained interpretation of the Agreement. The phrase in paragraph 5--"further

voting"--merely suggests that the filing of additional ballots is prohibited, Webster's Third New International Dictionary 924 (1964)--a situation not present here. Paragraph 6 merely provides that physical delivery of all proxies and ballots must be made before the polls have closed; Liquifin has complied in that respect. After having examined the Agreement in its entirety, the Court is convinced that the parties to the Agreement never anticipated the possibility that, after the polls had been closed, a shareholder might wish to change a timely offered ballot. Inasmuch as the Agreement is silent on this matter, the Inspectors' decision not to honor Liquifin's July 5th instructions is not binding. (Agreement ¶2).

We turn, then, to the other major strand of Ronson's argument--that, even if the Agreement does not preclude Liquifin from changing its vote, the applicable law prohibits Liquifin from making the kind of substantive change sought here.[6/] Liquifin relies in large part upon the statements of certain commentators which would appear to support its argument that a stockholder may always change his ballot so long as he does so before the election results are formally announced. Thus, it is stated in 5 Fletcher, Cyclopedia Corporations § 2017 at 104 (perm. ed. rev. 1967) that:

> "A stockholder or member may change his vote at any time before the result is finally announced, and before that time it is proper to permit him to correct his ballot so that it will express his true intention."

Similarly, in E. Aranow & H. Einhorn, Proxy Contests for Corporate Control 367 (2d ed. 1968), the authors state that:

> "it has been held that inspectors must accept ballots tendered to them after the polls have closed, but before the final result has been announced."

A case could arguably be made that, in practice, the courts have restricted this rule solely to those situations in which the shareholder seeks to correct some inadvertent "ministerial" error and the applicable law, corporate bylaws or preelection agreement do not speak to the contrary. For example, in Washington State Labor Counc. v. Federal Amer. Ins. Co., 474 P,2d 98, 103-04 (Sup. Ct. Wash. 1970) (en banc), it was held that a stockholder

> "who through inadvertence, mistake, or other reasonable cause is unable to vote or is prevented from casting his vote or his proxy votes during the regular time of balloting, will not be precluded from voting after the balloting has been closed and before the final results are officially announced, provided, such belated voting is not prohibited by statute, corporate bylaw, or other officially authorized and announced rules and is free from fraud, bad faith and/or over-reaching."

Cf. Young v. Jebbett, 213 App. Div. 744, 211 N.Y.S. 61 (4th Dep't 1925); Zierath Combination Drill Co. v. Croake, 131 P. 335 (Dist. Ct. App. Cal. 1913); State ex rel. Dunbar v. Hohmann, 248 S.W.2d 49 (App. Mo. 1952). But see Zachary v. Milin, 293 N.W. 770 (Sup. Ct. Mich. 1940); State ex rel. David v. Dailey, 158 P.2d 330 (Sup. Ct. Wash. 1945).

The Court is persuaded, however, that the restrictive language which appears in the Washington State case should not

be applied in technical fashion to the facts of this case. In that case, as well as in the other cases cited supra, the success or failure of a particular faction in electing its candidate to the board of directors, or in obtaining control of the board, hinged upon the validity of ballots cast or changed (for whatever reason) after the polls had been closed but before the election results had been officially announced. Since the validity of the contested ballots in the Washington State case, for example, was so crucial to the result of that election, it is understandable that the court, anxious to avoid any possible prejudice to the faction which opposed inclusionof the contested ballots, chose to set forth a more restrictive rule than that announced by the commentators quoted supra. In other words, in the typical situation, the courts must not only consider the interests of the shareholders in expressing their true intentions after the voting has formally ended, but must also consider the possible prejudice to those who oppose the inclusion of the contested ballots.

The instant case, however, is quite unique. Management will not be prejudiced if Liquifin obtains the relief which it requests: it has succeeded in obtaining the election of its entire slate and its seven-man majority will remain undisturbed. The only dispute here is which two of the nine gentlemen nominated by Liquifin will sit in seats for which Management declined to nominate its own candidates. Although the Court does not believe that Ronson ever promised Liquifin that it could select the individuals for those seats,

it also does not believe that Liquifin should be deprived of the opportunity to cast its votes as it sees fit by a party which has knowingly forfeited its right to nominate its own candidates for those seats. The only Ronson stockholders who could conceivably be prejudiced by the substitution of Marfuggi and Zoeller for Malone and Markley--the Hamblens--have not raised any objection. Moreover, it is difficult to understand why stockholders with 138 shares of stock should be able to override the choice of a stockholder with 1,559,776 shares even though the stockholder with the larger holdings attempted to change its vote before the results of the election were officially announced.

The only additional argument Ronson makes in opposition to this motion which necessitates any discussion is its charge that Liquifin has somehow violated the proxy rules. Ronson claims that, in its proxy statement, Liquifin represented that all of its proxies would be voted for all of its candidates. In fact, however, Liquifin merely promised that "the proxies solicited by Liquifin will be voted for all of Liquifin's candidates". Its July 5th instructions[7/] are entirely consistent with that pledge. Additionally, Ronson asserts that the reservation now expressed by Messrs. Malone and Markley--that they do not wish to serve on a board on which they would be in the minority--was never disclosed to the stockholders but that Liquifin represented in its proxy statement that each of the candidates would serve as a

director if elected. What Ronson fails to add is that Liquifin also stated that "in the event that any [of its nominees] shall be unavailable to serve, the persons named as proxy agents will vote their proxies for other candidates who shall be designated by Liquifin". Thus, all shareholders were advised that it was possible that some of Liquifin's nominees might be unavailable--for whatever reason--and that, in such event, Liquifin would have complete control over designating their replacements.

Since there has been no evidence of fraud, bad faith or overreaching, Washington State Labor Coun. v. Federated Amer. Ins. Co., supra, 474 P.2d at 103-04, and since there has been no showing of actual prejudice if Liquifin is permitted to clarify or correct the Finbow Ballot, the Court believes that there is no reason why Liquifin, owner of 36.4% of the outstanding stock of Ronson, should not be permitted to express its true intentions before the Final Report and Certificate of the Inspectors are published.

Accordingly, Liquifin's motion is granted.

So ordered.

Dated: New York, New York

August 21, 1974

/s/ CHARLES H. TENNEY
U.S.D.J.

RONSON CORPORATION,
Plaintiff,
-against-
LIQUIFIN AKTIENGESELLSCHAFT,
et al.,
Defendants.

74 Civ. 2488 (CHT)

FOOTNOTES

1/ Originally, Ronson sought to forestall the holding of the Annual Meeting on the ground that Liquifin had made material misstatements of fact and had failed to disclose material facts in its proxy materials and that Liquifin, as the largest single stockholder of Ronson, had breached its fiduciary duty toward the remaining Ronson stockholders. However, on June 12, 1974 the parties came to an amicable agreement in open court to proceed with the Meeting and to thereafter return to Court to receive any remaining disputes.

2/ The Hamblens' Ballot has been challenged by Liquifin on the ground that it designated a former Ronson director who was not even running for election at the time. However, since the parties have assumed for the purposes of this motion that the Hamblens' Ballot is valid, the Court need not decide this issue.

3/ It merely authorizes the proxies "to vote and act with respect to all the shares of Common Stock of the Corporation that [Finbow] would be entitled to vote if then personally present on the matters shown below." An authorized agent of Finbow has marked the box indicating that the votes should be cast "FOB" the election of new directors.

4/ An agent of Liquifin claims that, before the Annual Meeting was convened, he entered into an "understanding" with one of the Inspectors, Mr. Mead, to the effect that Liquifin could submit the Finbow Ballot "in blank" and thereafter clarify it once the polls had been closed. Mr. Mead denies this assertion. In any event, Liquifin's failure to obtain the approval of the other Inspector, Mr. Bloom, and Ronson, the other party to the Agreement, precludes this Court from recognizing the purported agreement.

5/ Paragraph 17 (b) of the Presumptions provided, in pertinent part, that:

FOOTNOTES
ii

"Where...(2) any one or more proxies submitted by a single nominee do not specify a designated number of shares, or (3) any other inconsistency or ambiguity exists in the opinion of the Inspectors with respect to the number of, or manner in which, shares are voted by a nominee, the Inspectors shall procure a written, telegraphic or telephonic statement from such nominee, as the Inspectors deem appropriate ...."

Ronson claims that, at a meeting of representatives of Ronson and Liquifin and the Inspectors on June 17, 1974, counsel for Liquifin waived the necessity for obtaining a clarification of the Finbow Proxy and Ballot in accordance with this Presumption. Liquifin denies that it waived its right. Since the Court will treat Liquifin's application as one to "change", rather than "clarify", the Finbow Ballot, the Court need not determine this issue.

6/ The law of New Jersey, which the parties agreed would be applicable to any disputes over the validity of proxies and ballots (Agreement ¶ 15), does not speak on this issue. Consequently, the Court has been referred to commentators in the field of corporate law and to cases in sister states.

7/ Liquifin has asked that the Finbow Ballot be marked so as to indicate that Marfuggi and Zoeller receive 1,559,776 votes each and that the other Liquifin candidates receive only 1,558,776 votes each.

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

- x

RONSON CORPORATION,

Appellant,

- against -

LIQUIFIN AKTIENGESELLSCHAFT, et al.,

Appellees.

Docket No. 74-2161

AFFIDAVIT

- x

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

MILTON BLACK, being duly sworn, deposes and says:

1. I am a member of the firm of Mudge Rose Guthrie & Alexander, attorneys for Liqufin Aktiengesellschaft ("Liquifin"), S.p.A., Liquimportex A.G., and Philip Marfuggi. I have personal knowledge of the facts and matters hereinafter referred to and make this affidavit in opposition to the motion of Ronson Corporation ("Ronson") for a stay pending appeal from an order entered by the Honorable Charles H. Tenney, dated August 21, 1974.

2. This order was entered during the course of an action instituted by Ronson to enjoin and otherwise set aside Liquifin's use of proxies solicited during a proxy contest for control of Ronson. This case was but one of a series of actions instituted by Ronson's management in opposing a bid by Liquifin, owner of 36.4% of Ronson's outstanding common stock, to ultimately obtain control.

3. Judge Tenney's order, entered during an adjournment after the principal session of the Ronson Annual Meeting (the determination of the applications for injunctive relief having been deferred by agreement of the parties), concerned a dispute between Ronson and Liquifin as to how Liquifin's proxies were to be counted with respect only to two directorships on the Ronson Board of Directors left by Ronson to be filled by two persons representing Liquifin.

4. At stake in the dispute were two of Ronson's nine directorships. An "unofficial" tally of the ballots cast showed that Ronson's seven nominees had received sufficient votes to be elected and that two of Liquifin's nine nominees (Messrs. Markley and Malone) had received 138 more votes than the remaining seven nominees. This was the result of votes cast by two minor Ronson shareholders who had split their votes between management's nominees and Liquifin's.

5. Upon learning the results of that tally, Liquifin notified the Inspectors of the election that its ballot should be read as casting sufficient votes for two of its other nominees

(Messrs. Zoeller and O. Marfuggi) to be elected to the remaining two vacancies. Ronson management objected and the Inspectors' issued their July 8, 1974 Inspectors' Report showing the election of Ronson's 7 nominees and Messrs. Markley and Malone.

6. The dispute was placed before Judge Tenney on July 9, 1974, on Liquifin's motion to compel the Inspectors of the election to count Liquifin's ballots as it had directed and to enjoin publication of the July 8, 1974 Inspectors' Report as a final, official election report as to Messrs. Markley and Malone, and to direct the Inspectors to issue a Final Report and Certificate As To Results of Election reflecting the election of Messrs. O. Marfuggi and Zoeller.

7. Liquifin argued that, under established corporate law, it had the right to have its votes counted as it had directed. Ronson argued that doing so would violate the SEC's Proxy Rules, that it would contravene New Jersey corporate law, and that it would be contrary to an agreement reached between Ronson and Liquifin governing the "ground rules" for the election. Ronson's argument was, in substance, that Liquifin was entitled to cast its votes in any manner it wished, but once having done so could not change them even though the results were not final. Liquifin, according to Ronson, had made a technical error with which it now had to live.

8. Judge Tenney, on July 9, 1974, denied Liquifin's request to enjoin the July 8, 1974 Inspectors' Report as to

the election of the 7 Ronson nominees. (Exhibit A. p. 21, 30, 33, 34). As to the 2 Liquifin representatives only Judge Tenney rejected Ronson's arguments, and by the Order of August 21, 1974 now appealed from Judge Tenney directed that the two nominees selected by Liquifin be reported as winning the two remaining directorships. The main claims in the action have not yet been determined.

9. Annexed hereto as Exhibit "A" is a true copy of the proceedings held herein before The Honorable Charles H. Tenney on July 9, 1974.

10. Annexed hereto as Exhibit "B" is a true copy of a letter from Ronson Corporation to its shareholders dated May 31, 1974, filed in the district court as Exhibit 8 to the answer of Liquifin A.G., Liquigas S.p.A., Liquimportex A.G., and Philip Marfuggi.

WHEREFORE, for the reasons stated in the Appellees' Memorandum of Law in Opposition to Appellant's Motion for a Stay, I respectfully request that Ronson's motion be denied.

Milton Black

Sworn to this 30th day
of August, 1974.

Virginia M. Stone
Notary Public

(Notarial Seal)

VIRGINIA M. STONE
Notary Public, State of New York
No. 43-9207807
Qualified in Richmond County
Certificate filed in New York County
Commission expires March 30, 1976

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

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RONSON CORPORATION, :

Plaintiff :

v. : 74 Civ. 2488

LIQUIFIN AKTIENGESELLSCHAFT, LIQUIGAS S.P.A., LIQUIMPORTEX AKTIENGESELLSCHAFT, THE FIRST NATIONAL BANK OF WASHINGTON, RAFFAELE URSINI, PHILIP MARFUGGI, DANIEL A.PORCO AND MICHELE SINDONA, :

Defendants. :

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July 9, 1974

B E F O R E :

HON. CHARLES H. TENNEY,
District Judge.

A P P E A R A N C E S :

SHEA GOULD CLIMENKO & KRAMER, ESQS.,
Attorneys for Plaintiff
MILTON GOULD, ESQ.,
LEONARD GORDON, ESQ., Of Counsel

MUDGE ROSE GUTHRIE & ALEXANDER, ESQS.,
Attorneys for Defendants
DONALD J. ZOELLER, ESQ.
MILTON BLACK, ESQ., Of Counsel

ALSO PRESENT:
JOHN TANSEY, ESQ.,
Attorney for First National
Bank of Washington

dhjw

THE CLERK: Ronson Corporation v. Liquifin, et al.

MR. GOULD: Shall we proceed, your Honor?

THE COURT: Yes.

MR. GOULD: If your Honor pleases, I have here the original certificate of the Inspectors of Election , and I would suggest that we mark a Xerox copy of it as an exhibit in this case and hand it up to the Court, and then I will make some observations about it.

MR. ZOELLER: Your Honor, I have only this observation to make about that, in light of the matters which will be discussed hereafter: I ask it be confidential until the completion of matters this morning.

MR. GOULD: I do not understand why it should be confidential. What is confidential about it?

THE COURT: It is confidential in that I am not going to distribute it around until the argument is completed this morning.

MR. GOULD: I want to refer to it, your Honor.

THE COURT: I suppose if you are going to have to refer to it, it cannot be confidential.

MR. ZOELLER: Your Honor, I do not know if

there are members of the press here today, but I believe, in light of applications that we will be making, that the confidentiality of this report should be maintained, at least for the time being until your Honor has had a chance to hear us.

MR. GOULD: I do not know what is so arcane about this matter. Here is a public company. We have waited to announce the results of the election; we have an agreement it be announced in court this morning.

THE COURT: I do not see how we can keep it secret. I assume we are going to try and work something out today and that will be based in part on the results of the election.

MR. GOULD: That is right.

MR. ZOELLER: My reason is this, your Honor: there will be some question this morning about the results of the election which we will be presenting to your Honor, and I think in light of that the arrangements that have been made keep these matters non-public should be maintained for the time being.

THE COURT: Are you challenging the accuracy?

MR. ZOELLER: I am, your Honor. I am challenging a question of Liquifin's right to designate the two persons that it considers to be the directors that

it wishes to vote its shares for in the event that the election overall should not be --

MR. GOULD: We can deal with that, your Honor. That is not a basis for keeping the results of the certificates confidential.

MR. ZOELLER: We cannot agree that this is a certificate and we will get into that, your Honor.

MR. GOULD: Oh.

(Court's Exhibit 1 was marked for identification)

MR. GOULD: Does your Honor really want me to refrain from referring to the contents of the certificate in view of counsel's application? I do not understand it.

THE COURT: I do not understand it myself, frankly. We are dealing, I understand, with one or two individuals in the slate.

MR. GOULD: For your Honor's assistance in understanding Mr. Zoeller's argument, if you look at the second grouping down below you will observe that the gentlemen who are number 2 and number 3, received 185 votes more than the other people in that group.

THE COURT: 100 --

MR. ZOELLER: 138, your Honor.

MR. GOULD: Excuse me, my arithmetic is wrong. It is 138 more.

Now, I assume that what counsel wants to talk about is the effect of this certificate on those two people. Your Honor will recall that one of the undertakings we made in our proxy material was that while the Board of Directors normally consisted of nine members, in view of the large stockholdings of the opposition group here, we would name two of their members, two of their designees to the Board, two of their candidates to the Board. So I suppose what Mr. Zoeller has in mind is with respect to those two. We can come to that.

I think it is very apparent to your Honor that the certificate indicates that the seven persons named by the management have been elected by the stockholders and elected by a very substantial plurality of the votes.

So, simply to facilitate whatever application it is Mr. Zoeller wants to make, I will advise the Court that what we propose to do is to present the certificate to the reconvened meeting and we will treat as elected as directors the seven persons named by the management, Messrs. Aronson, Blumberg, Cole, Granet, MacKay, Siegler and Walder and as elected by a plurality, Messrs. Malone and Markley from the second group. They appear plainly

to have more votes than the rest, so we will treat those nine men as elected to the Board.

The meeting will be reconvened tomorrow in accordance with the arrangements that have been made, and if there is any secrecy about this thing it is going to be dissipated very promptly. I do not know what occasion there is for secrecy.

As a matter of fact, in view of the fact that this is a publicly owned company with security traded in the market, I do not think we have the right to keep these results confidential.

Now, the only other thing I would like to add is, in view of the certificate which has been presented -- I have the original here. I assume that everybody is in agreement that the original certificate becomes part of the record of the meeting and should not be filed with the Court.

Do you have an objection to that?

MR. ZOELLER: It seems to me after we have had a chance to have these matters heard before your Honor, and your Honor can make his rulings, then there may be a certificate. Right now what we have is a report, so designated and so labeled, your Honor.

MR. GOULD: I do not care whether it is

called a report or a certificate.

THE COURT: Let us take this up.

MR. GOULD: In view of this report or certificate, I will, on behalf of the plaintiff, withdraw the application that was made to this Court for preliminary injunction to enjoin the defendants from voting the stock of Ronson at the meeting of June 13th. That I regard as moot.

THE COURT: Mr. Zoeller?

MR. ZOELLER: Yes, your Honor. We have a motion to make this morning.

Before making the motion, I might simply reprise where we stand at the moment. There is, of course, the action brought by Ronson against Liquifin.

As Mr. Gould has indicated, the motion for preliminary injunction is moot, asindeed it is. We have before your Honor our motion to dismiss on grounds of res judicata, legal insufficiency, and we will be amending that motion to add mootness as a ground for the dismissal of the action in its entirety. I expect to do that fairly promptly, your Honor.

We also have our action regarding the false and misleading statements made by Ronson on the basis of which shares were solicited and that is a matter that I

think may take some time for us to resolve; and, therefore, I do not think that we can address ourselves to that this morning except to advise your Honor that we will probably be amending our cross-counterclaim to add additional matters which have come up since the time the counterclaim was drafted.

As to the results of the election itself, I wish to present to your Honor this morning our motion, and the papers, I am afraid, are sketchier than I would like, but the problem arose actually only yesterday afternoon and we have not had a great deal of time to put them together.

But the problem is this, your Honor: As Mr. Gould has indicated to you, Ronson has stated in its proxy statement that it is naming, is going to have a Board of Directors for the coming year of nine persons; and it will vote its proxies for only seven of them, thus leaving two seats to go, as it were, by default, even in the event that Ronson were to be successful in its proxy contest.

In its second letter to the shareholders as part of the proxy contest, Ronson stated in support of its many arguments as to why the shareholders should vote for its slate of directors and withhold their votes from

the new directors for Liquifin the following:

"We urge you to vote for management's seven nominees. Management will not vote your proxies for the two remaining seats. In view of the size of Liquifin's shareholdings, we have not nominated directors for these two seats. We leave to Liquifin its decision to vote its shares for these two seats on the Board."

Thus, Ronson management had represented to the shareholders that the choice, the selection of the two remaining seats, would be left with Liquifin. That presents to Liquifin an opportunity and also a risk and it is that to which I wish to address myself.

The risk is the following: If Liquifin votes its shares for all nine nominees equally and is unsuccessful in the proxy solicitation, then there is no way of determining which two will be successful. On the other hand, in addition to that, it is possible that some shareholder may decide to split a vote, and that some small shareholder may allocate a handful of shares to less than all of the nine directors of Liquifin, thus defeating Liquifin's rights which the shareholders had a right to rely upon in submitting their proxies to select two directors of its choice.

Of course, it is always possible for Liquifin

to go in and at the vote itself initially give more of its votes to two than it does to the remaining seven. The problem with that, your Honor, is that in a very close election, in the event that Liquifin were to be successful overall, the other seven might lose by the very margain which Liquifin gave to its two. In that event, Liquifin, I am sure, would be charged with having disenfranchised a large number of people who solicited their proxies and having violated the proxy rules. That is not a sensible or appropriate way to handle matters.

Now, there is an analogue to this kind of situation, and the analogue is the case where you have cumulative voting, and what is done in the case of cumulative voting is to show the designation of those to whom you will allocate your shares until the time that a preliminary count is known. This is actually the only viable choice open to the party who is being given the opportunity to select the two seats.

It was this choice which Liquifin decided it would utilize. Its proxy solicitor, Mr. Arthur Long, whose affidavit is annexed to the papers submitted to your Honor, approached Mr. John P. Mead, one of the Inspectors of Election, just prior to the commencement of the Ronson annual meeting on June 13th. He has done this, by the

way, in many, many proxy contests in which he has been involved in which cumulative voting, the analogous situation, exists.

He told Mr. Mead that it was Liquifin's intention not to designate its allocation of shares to individual directors until a preliminary count was known and that he would cast his ballot in blank in the meantime.

Mr. Long cast his ballot in what he regarded as blank, and it was the intention of Mr. Long, acting pursuant to the directions of Liquifin and Finbow, to make the designations at the time that a preliminary count was known.

Now, up until this point all is well. When the preliminary count was known, Mr. Mead stated that he did not recall the conversation, that he was not aware that there was such an understanding, or without such an understanding it was his view that he would not permit the designation of votes.

Something else has occurred. A ballot was cast by one person favoring Ronson management, i.e., that person voted for five Ronson management nominees, also voted for a Ronson former director who was not a nominee, but whose name was erroneously on the Ronson ballot, and voted 138 shares for two on the Liquifin slate of directors.

We think that ballot is invalid, to begin with, as we will point out to your Honor later on, because of the fact that they voted for a person who was not actually running for election. There is no way of determining to what degree their vote was influenced by the presence of that name on the ballot; but, moreover, we think that results, in a sense after the fact, to misleading the shareholders as to what would take place.

The shareholders submitted their proxies in the justifiable belief that the shares could be allocated by Liquifin. Liquifin wishes to allocate its shares to, or its votes to, two of the directors. The two that were selected by this shareholder are not the two that Liquifin wishes to allocate its votes toward. These two persons themselves would prefer not to serve under the circumstances where they are only the minority on a Ronson-controlled board as distinguished from the majority on a Liquifin-controlled board.

THE COURT: You are talking about the two that happened to be selected from your slate. Can't that be worked out, if they do not want to serve?

MR. ZOELLER: We think it should be worked out. We think it is entirely equitable.

THE COURT: Without setting aside the results

of this election.

MR. ZOELLER: That would be another question. It seems to me --

THE COURT: I am saying without setting aside the election because I do not think I have heard anything yet. It might be necessary to correct some of the figures here, but that would not affect the overall result. It might have some effect insofar as the allocation --

MR. ZOELLER: There is a question of allocation to which this morning I am addressing myself solely. The larger questions, of course, are matters that would require further proof and evidence before your Honor, and that would take more ti

But as to the threshhold, as I regard it, the question of the allocation of shares, that's the matters that I am addressing myself to today.

And it has been presented, as I have noted to your Honor, to the shareholders at large, to the SEC, that Liquifin would have the right to allocate. We think that the directors moreover were in error in not permitting -- even assuming that there was some misunderstanding about the intentions of Liquifin at the time that the ballot was first submitted -- we think that the Inspectors were in error in not permitting a correction of the ballot even

at any time up until the announcement of the result. Because as is noted in what we think is the definitive work in the field, Aranow & Einhorn on this matter, it is a basic right to correct the ballot at any time up until the announcement of the results. That right would be even more incurred in a case such as this where indeed it has been represented to the shareholders that this right will be given to Liquifin and where their shares and their proxies were solicited in light of such representation.

We think it is imperative that this matter be corrected and that the shares be allocated to the two persons that Liquifin wishes to represent it on the board.

MR. GOULD: May I just respond briefly to what counsel said, your Honor?

First of all, I do not think there is any suggestion here that the management had anything to do with this vote.

THE COURT: No, no, no. As I said --

MR. GOULD: I would like to make that very clear. I mean, somebody might think that this was a trick. We were as astonished as anybody when we say that this stockholder had split his vote as he did, and I think we all got the information at the same time. So that whatever

happened here we are not dealing with a put up job.

Now, I would have expected, in light of what Mr. Zoeller has had to say about his clients' right to allocate or designate or something like that, that he would have come in here this morning at the very least with a piece of paper from Mr. Malone from Mr. Markley saying that they do not wish to serve. We have not got anything like that. I think I heard him say that they do not want to serve.

MR. ZOELLER: I can correct that deficiency. It presents me with some difficulties, your Honor. This question did not arise until the last --

MR. GOULD: I thought I was talking, Mr. Zoeller. You will get your chance. I am sure Judge Tenney will give you your opportunity.

MR. ZOELLER: I am sorry.

MR. GOULD: I had anticipated if they were going to take this position they would have some piece of paper to that effect. In the meantime, we are running a public corporation.

THE COURT: I am aware of that.

MR. GOULD: And on the basis of this piece of paper that comes from Mr. Mead, prima facie, these two men are elected.

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Now, if they do decline to serve, then, of course, the problem may be somewhat simplified.

THE COURT: So far as running the corporation is concerned, you have got management who have been in before and they are just continuing on. What we are faced with is these two Liquifin representatives who go on the board.

MR. GOULD: I am sure that we will keep the undertaking that we made and two Liquifin representatives will eventually go on the board; but, prima facie, two Liquifin representatives fully qualified, according to their proxy material, have been elected and we have to honor that.

Now, if these two people decline, we will come to grips with the problems created by their declinations.

THE COURT: What was the representation that was made to the stockholders here?

MR. GOULD: We said that while --

THE COURT: So far as Liquifin's representatives are concerned.

MR. GOULD: That is all I am confining myself to. We left two seats open so that they could name two directors. In other words, we have a nine-man board. We only nominated seven, and we anticipated that they would

do whatever was necessary to elect two directors. They had what I will call a clean shot.

THE COURT: What would the situation have been if all of the Liquifin candidates received an equal number of votes and then Liquifin was to select the two?

MR. GOULD: I do not know. It was never discussed. We never had any conversation on the point.

This has its genesis in the unusual circumstances of this particular election. Your Honor will recognize that it is almost unprecedented for a group that owns 36 percent of the stock to be defeated, as they were defeated here, by, let us call it, the expression or the articulation of the public stockholders joining with the management.

So what we did was we said people who own 36 percent of the stock are entitled to some representation on the Board of Directors. To that end, we are only going to nominate seven people. And then it was easily in their power to nominate two people, see, to do something, the result of which would have been that they elected the other two directors.

THE COURT: To run on your slate.

MR. GOULD: They could have done it in a number of ways.

THE COURT: That is one way they could have done it.

MR. GOULD: Sure.

THE COURT: Here you have a seven-man slate or a nine-man slate, nine positions.

MR. GOULD: Now, we are in the face of this 1,811,585 for Malone and the same number for Markley, and that is more than the other seven got.

THE COURT: The Ronson stockholders are not being deprived of anything.

MR. GOULD: Oh, no.

THE COURT: What I am coming to grips with is the situation where you have, so far as the Liquifin stockholders are concerned, the ones who were supporting the Liquifin candidates, that they have expressed the preference for two of the nine on that particular slate. Those people do not happen to be the ones that Liquifin wants or maybe these two individuals themselves do not want to be the ones.

All I am saying is on the face of the report, the Inspectors' report, that to supplant these two gentlemen who received the majority of the votes, so far as that group is concerned, is running counter to the wishes of the stockholders.

MR. GOULD: That is right. That is the way it looks.

MR. ZOELLER: If I may be heard on that, your Honor, it would be taking the wishes of one stockholder who voted primarily for management's slate of directors on what I regard as an invalid ballot to begin with, 138 shares, and putting his preference over that of Liquifin itself, which owns 36 percent of the stock, and also it would be flying in the face of the representation made to shareholders, which is here in the second letter to the shareholders -- if I may show you, it is within the penciled bracket, your Honor -- which certainly was designed to indicate to the shareholders, and did indicate to the shareholders as a method of inducing them to solicit their proxies, that Liquifin would have the right to select.

Now, the only way -- the only way without running a foul of the proxy rule -- that someone engaged in a proxy contest, running his own slate of directors, can insure the election of the two directors of his choice is to do it at the time when a preliminary count is known. Otherwise, the various pitfalls which I have outlined for your Honor, which may disenfranchise the great majority of shareholders, exist.

THE COURT: I do not see how anybody is being disenfranchised with the exception possibly of the gentleman who split his vote between management and the opposition.

MR. ZOELLER: Well, he might lose the effect of a part of his vote under these circumstances but that would only eliminate the situation where the tail wags the dog, the 36 percent shareholder who under the law, your Honor, should have a right now to indicate his preference on his ballot. The results have not been publicly announced.

We submit that under the law, in any event, the right should be there to Finbow and Liquifin to indicate their designation of the way in which their shares will be allocated. If that simple right is given to them, your Honor, which I believe to be their right under the law, and which I believe to be further mandated by the representations that have been made, the result would be taken care of.

THE COURT: I do not believe that Mr. Gould has any objection to how you proceed with respect to the allocation of the Liquifin votes to select somebody who is agreeable to Liquifin as their two representatives. But that has nothing to do and in no way will affect the

fact that management has placed seven people back in office.

MR. ZOELLER: No, this is a different question, your Honor. The question I am addressing myself to today --

THE COURT: But I suspect that is lerking in the wings and I just want to make it clear that anything that is done with respect to Liquifin has no bearing on the fact that there is a clear majority that has been tabulated in favor of the management candidates.

MR. ZOELLER: That question, your Honor, it seems to me would only be affected by subsequent litigation involving the misleading nature of the proxies that have been solicited. But the question I am addressing myself to --

THE COURT: By both sides.

MR. ZOELLER: The arguments, I am sure, may run in one direction or in two directions, but as they are --

THE COURT: Iam sure it will go in both directions and probably run up against a pretty solid wall.

What I am interested in doing is resolving this problem. We are still within the democratic princi-

of a stockholder's election.

MR. ZOELLER: You see, your Honor, if I may add on other thought: Liquifin did indicate its designation to the Inspectors of Election, did so by telegram to them prior to Monday's meeting at which the final report was given. The Inspectors of Election failed to effectuate that designation, we think improperly under the law and under the circumstances here.

Mr. Gould, if you have --

MR. GOULD: I would like to make this suggestion: I think we are bound by the certificate and I think that what we have to do under the law is to declare --

THE COURT: Technically speaking, it is a report.

MR. GOULD: It is a report, but that is the agreement here.

THE COURT: There is no dispute about the count.

MR. GOULD: There is no dispute. I think what we have to do is this: I assume, from something Mr. Zoeller said, that these two gentlemen who were named Malone and Markley, do not want to serve as minority directors. So it seems to me that probably the best thing, or the most practical thing, to do is, we will

treat them as elected, let them decline to serve. Then we deal with two vacancies on the board.

And now I am handed this long affidavit in support of their positions. Of course, I have not read it yet.

THE COURT: I have not, either.

MR. GOULD: And come back before your Honor and deal with that situation in a somewhat simplified form.

I should tell the Court that when we discovered or when it was reported to us by the Inspectors of Election that Mr. Hamblem of Masa, Arizona, who apparently was present at the meeting -- nobody knew anything about it - had cast his vote in the manner indicated here we tried to communicate with him. Mr. Gordon, my partner, made a number of calls out to Masa trying to locate him, and there is no way of finding him. His telephone is disconnected by order of the subscribers, so we have never never any contact with him. Certainly I am not in a position now on a respectable evidentiary basis to tell your Honor anything about what the man meant or intended or even did.

So I would suggest that we get an opportunity to read Mr. Black's long affidavit here with its exhibits

and then come back before your Honor in an orderly, prepared way.

In the meantime, I will advise the Court that we are going to honor the report of the Inspectors; we will declare these people elected. Then Mr. Zoeller can come along with the two declinations and then come back before your Honor on a somewhat streamlined basis, and when we know what we are talking about, too.

Frankly, this is an unprecedented situation to me.

MR. ZOELLER: It is an unprecedented situation, your Honor, but it seems to me to this degree it is not unprecedented: that in the case of cumulative voting, it occurs regularly that the reserve is made to designate the way in which shares will be voted. That reserve was made here; the designation has been given. Even if there had not been a reserve, there is always the right until the announcement of a result to designate the way in which your shares will be allocated. Liquifin wishes to designate its shares, and has so designated them, in a manner to elect two persons other than those being mentioned here.

THE COURT: They did not do it at the time of the election.

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MR. ZOELLER: They did it -- and the only time that you can practically do it -- is at the time when the preliminary result is known. Other than that, various risks and problems exist because you may result in allocating in a way that causes seven persons who could have been elected to lose.

THE COURT: I thought we were going to have ground rules in this case.

MR. GOULD: We have them.

THE COURT: Why wasn't this contemplated? Why do you now come to me with a report and your voting closed? Couldn't it have been part of the ground rules that a preliminary count would be made and on the basis of that preliminary count one or the other of the parties, depending on what the case might be --

MR. GOULD: That is not what I contemplated. The ground rules do not take care of a situation like this because I thought they were going to act in a perfectly rational and intelligent way. All that that required was that the two men that they want on the board would have been given more votes than the rest of their candidates, but they did not do that. They marked the ballot and gave everybody the same votes. I was astonished when I saw that.

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THE COURT: That is why I was wondering about this. Who are they going to pick for those two?

MR. GOULD: I do not know.

MR. ZOELLER: That is why we are reserving the right to designate.

MR. GOULD: All they had to do was add one digit to each of the two men they wanted and we would not have this problem.

MR. ZOELLER: Yes, we would. If we added one digit, we would be 138 votes down instead of -- in other words, that is the very problem, your Honor -- if you designate one vote, then somebody comes in with two votes the other way. The only way you can do it is when a preliminary count is known. That is, known to them. It is a basic fact of life in cases where allocation becomes important. It goes on again and again in cases of cumulative voting.

THE COURT: But this was not done here. There was not a preliminary count.

MR. ZOELLER: Yes, when the results were known, the indication was given by telegram to the Inspectors of Election, the way in which we want to designate our votes, and that designation was ignored and we think improperly.

We think under the law we have the right to do that.

THE COURT: Why wasn't that part of the so-called ground rules?

MR. ZOELLER: Well, your Honor --

THE COURT: Binding on the Inspectors as well as on the parties here.

MR. ZOELLER: Unfortunately, it is a matter not ordinarily given in the ground rules.

THE COURT: I think it will be from now on.

MR. ZOELLER: But the fact is that Mr. Long, who is here in court today and can testify if your Honor would like to hear him, and whose affidavit is annexed to the papers here, did speak to the Inspectors of Election prior to the meeting, understood that the matter was clear to him and the Inspectors of Election that there would be the right to reserve and designate. It is a standard procedure he uses in contest after contest.

THE COURT: The Inspector says that did not happen.

MR. ZOELLER: He does not recall it. He does not say it did not happen.

Even assuming arguendo that there is some confusion about that, it is our submission that under

the law, and I make reference to Aronow & Einhorn on this, we have the right, even now, to designate what our intention is in our ballot. No one is injured by that and the basic understanding, in a sense that was given to the shareholders that we would have this right, would be effectuated.

THE COURT: That may well be.

MR. ZOELLER: It is on that right in addition that we stand, your Honor.

THE COURT: I have not read all your papers and I assume you have some authority for some of this.

MR. GOULD: I think the most that we can conscientiously ask the Court to do today is, we have made our report, Mr. Zoeller has got this affidavit here, which I suppose is in the nature of a motion. It says in support of a motion, but we will treat it as a motion.

MR. ZOELLER: I am making my motion verbally before your Honor supported by this paper.

MR. GOULD: I would simply like an opportunity to read it and reply to it and come back to your Honor. In the meantime, of course, we will reconvene the meeting and I will, of course, defer to the professional opinions of corporate counsel in this matter, and my anticipation is that we will declare these nine people elected at the

meeting.

In the meantime, I would hope that Mr. Zoeller would simplify the Court's task by getting declinations from Mr. Malone and Mr. Markley.

MR. ZOELLER: Your Honor, let me address myself to that.

I ask that your Honor hold these matters in abeyance until you can rule on our application. The reason is multifold. Once the meeting is convened and persons are declared to now be directors and then resign, the rights of Liquifin to designate those in whom theyare interested and indeed anyone who is a Liquifin designee is lost entirely, and the Board of Directors will then -- I am sure it will be Mr. Gould's submission and if I am wrong he can correct me today, it will then be Mr. Gould's position that the Ronson board would have the right to select those who will fill those vacancies. That would not effectuate the result desired here.

We do have an important challenge under the law and in part under the Securities Laws governing proxy contests as to why our designation should be effectuated, and I ask that things be held in abeyance until we have the right to have a determination on that.

MR. GOULD: You are not asking that the

stockholders' meeting be held in abeyance, are you?

MR. ZOELLER: Yes, I am. It has been adjourned a couple of times. There is no prohibition against it.

MR. GOULD: That is preposterous.

MR. ZOELLER: Why is it preposterous?

THE COURT: I think the several candidates of management can be recorded. There may be some question about who is to serve on the board as the representatives of Liquifin. That is really what it comes down to.

I will look over these papers and maybe there is a way out so far as these two gentlemen are concerned, or maybe something can be worked out by the parties. Certainly I would not expect that the two gentlemen, who have been elected to represent Liquifin on the board -- if they resign, the representation by Liquifin on the board will be done away with. I would expect that to continue and I would like some agreement on that subject before I approve it.

MR. ZOELLER: Your Honor, in other words, if that is understood, that makes our task easier, because, as I say --

THE COURT: Where reasonable men get together they save themselves a lot of work. Maybe this is the

time to do that, to talk with corporate counsel. I see no reason to disturb the present report insofar as management is concerned. I am not talking about trying to set aside the whole election on the grounds of improper proxy material and all the rest of that. What I am saying is, looking at this as an election by stockholders and after proxy fight we do have a clear victory on the part of management, and a question (a) about whether the two gentlemen who have received the most votes among the Liquifin slate are willing to serve; and, if not, whether the Liquifin vote can be recast in such a form that Liquifin will have its opportunity to designate the two candidates on that particular slate that it wants.

MR. ZOELLER: That is right, your Honor.

THE COURT: Beyond that I am not going. There should be some direction to have these votes represented here among the Liquifin candidates recast.

MR. ZOELLER: So that do I understand --

THE COURT: Actually, I have not even looked at these papers. So I will reserve any decision on this particular motion. I cannot see any reason why the results of the vote cannot be released with the caveat that so far as the Liquifin candidates are concerned that that may not be conclusive as to the identity of the

people who will serve.

MR. GOULD: That is entirely agreeable with us, your Honor. That seems to be the reality.

MR. ZOELLER: Do I understand that no announcement will be made as to what the result is in regard to the Liquifin candidates until such time as your Honor has had a chance to rule?

THE COURT: If you would prefer that, I do not know. We have got --

MR. GOULD: You have got to tell the truth, your Honor.

THE COURT: We have already stated who the gentlemen are who received the additional few votes among those candidates, and the statement that they may not wish to serve.

MR. ZOELLER: But there is something beyond that, your Honor. There is this right under the law of Liquifin to designate.

MR. GOULD: No, no.

MR. ZOELLER: Please, Mr. Gould. One at a time.

When Liquifin designates, it is designating, as it has indicated in the telegram to the Inspector which is part of the papers before you, in favor of the persons

And under those circumstances it seems to me that we have the question as to whether or not that designation is to be given effect. Under the law, I believe, it must be given effect.

THE COURT: All right. So far as the vote cast for management is concerned, I see no reason for not making that public.

MR. GOULD: Your Honor, as the practical matter there is no way to conceal this thing. There is no reason for not telling the truth here.

THE COURT: When you lose, you always want to not broadcast it, but here there is no attack made on the continuance of management in office. All we have is a little problem that there may have been an error in casting the Liquifin votes equally among various candidates rather than designating the two.

MR. ZOELLER: That is correct. What I do not want, your Honor, is any declaration being made that two persons are elected and are now directors of Ronson, so that if they withdraw, it then becomes a resignation.

THE COURT: I would not proceed on that basis, that these two gentlemen have been elected.

MR. GOULD: I will tell you what I suggest, your Honor: We will announce that the candidates of the

management have been elected.

THE COURT: That is what I said, and that there is now the question of designating the two members among the Liquifin candidates pursuant to prior arrangement.

MR. GOULD: And that is sub judice.

THE COURT: And that is sub judice.

MR. ZOELLER: There is the question of validity of that ballot which contains an improper name.

THE COURT: How many votes are affected by that?

MR. ZOELLER: The 138, that are the votes that make the difference here, are on that invalid ballot.

THE COURT: We are talking about millions of votes here and you do not come into court with 138.

MR. ZOELLER: Your Honor, the margin for the two persons involved is that very 138 votes.

THE COURT: I know it. Well, you mean if you invalidate that particular ballot, that leaves you all equal, and then what do you do?

MR. ZOELLER: Then Liquifin designates, which is exactly where we come out.

THE COURT: Under what right do you designate?

MR. ZOELLER: Under basic legal right.

MR. GOULD: I assume your Honor will give us a chance to reply in this affidavit, and there might even be a brief. Why don't we set a date within the next two weeks?

THE COURT: All right. Next week. I will be here all the time.

MR. GOULD: Why don't we call up and make a date when we are ready?

THE COURT: As far as the results of the election, the continuance of the management in office, I think the public has the right to know.

MR. ZOELLER: I do not object to that, your Honor.

MR. GOULD: Thank you very much.

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RONSON

Ronson Corporation One Ronson Road Woodbridge, New Jersey

Office of the President

May 31, 1974

Dear Fellow Stockholder:

As we anticipated in our earlier letter to you, Liquifin Aktiengesellschaft, Liechtenstein, a shell subsidiary of Liquigas, S.p.A., Italy, having failed in their tender offer attempt to take over control of Ronson during the last year, has started a proxy contest by proposing its nominees for all nine places on Ronson's Board of Directors.

You should be aware of the following facts about these nominees who have been selected by Liquigas, S.p.A., Italy, to carry out their plan to take over control of your Company:

1. These nominees all acquired their qualifying shares from Liquifin on or after April 24, 1974 for the sole purpose of acting as Liquifin's nominees in attempting to take over control of your Company.

2. These nominees have no personal investment in Ronson except for these qualifying shares, which are an insignificant part of the Ronson stock held by the foreign group which selected them.

3. These nominees have never had any experience with Ronson's complex multinational operations; only one of them has had any business relationship whatsoever with Ronson, and that ended about fourteen years ago. They now propose to oust the entire experienced Ronson Board.

We believe that Liquifin's slate of nominees for Directors should not receive your votes. While these nominees are United States citizens, they have agreed to serve on the slate of the foreign interests attempting to take control of Ronson.

The election of Liquifin's nominees would, in our opinion, seriously harm Ronson Corporation and the investment interest of Ronson Stockholders for these reasons, among others:

1. Ronson Corporation would become just one part of an Italian conglomerate whose principal operations are based in Italy.

2. The foreign citizenship of Liquifin/Liquigas, in our opinion, could possibly cause Ronson to lose U. S. National Defense security clearances essential to the operation of Ronson's important and profitable Hydraulic subsidiaries.

3. Ronson's favorable $22,000,000 long-term loan agreement with the Prudential Insurance Company of America could be deemed in default and require immediate repayment if the foreign control imposed by Liquifin/Liquigas caused divestiture, without Prudential's consent, of Ronson's profitable Hydraulic companies, which in 1973 accounted for about 32% of Ronson's U. S. net sales. If Ronson had to replace the $22,000,000 loan and were able to do so from other sources, at current "prime" interest rates, Ronson would be faced with extra interest costs of approximately $1,000,000 a year.

4. In the event Liquifin takes control, Ronson Helicopters may have to be sold because of Liquifin/Liquigas' foreign citizenship, as more fully detailed in the accompanying Addendum which modifies and supersedes the section of our Proxy Statement relating to Ronson Helicopters and certain proceedings before the Civil Aeronautics Board.

We urge you to vote for Management's seven nominees. Management will not vote your proxies for the two remaining seats. In view of the size of Liquifin's shareholdings we have not nominated directors for these two seats; we leave to Liquifin its decision to vote its shares for these two seats on the Board. We do not know the identity of these nominees, if any.

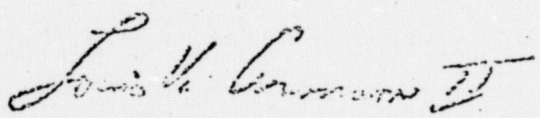
During the course of Liquifin's tender offer, we recommended that you not sell your stock at a price we believe was totally inadequate. We now recommend, DO NOT GIVE THEM YOUR VOTE, which they were unable to obtain by buying your stock.

Although Liquifin has acquired 36.3% of the stock of Ronson—far less than the 51.9% it sought—the size of its holding constitutes a real threat to the continued independence of Ronson's widely diversified and multinational operations. We urgently need the support of each and every one of you, no matter how few or how many shares you own.

We ask you to continue your loyal support which has meant so much to us over the past year, and we urge you to SIGN, DATE AND RETURN THE ENCLOSED RONSON ORANGE PROXY PROMPTLY IN THE ENCLOSED STAMPED ENVELOPE, EVEN IF YOU HAVE PREVIOUSLY SENT RONSON A PROXY.

On behalf of the Board of Directors
of Ronson Corporation

Sincerely,



LOUIS V. ARONSON II
President

IMPORTANT

EVERY VOTE IS IMPORTANT
SIGN, DATE AND RETURN PROMPTLY
THE RONSON ORANGE PROXY

UNITED STATES COURT OF APPEALS

FOR THE THIRD CIRCUIT

RONSON CORPORATION,

Appellant,

-against-

LIQUIFIN AKTIENGESELLSCHAFT,

Appellees.

On Appeal From An Order Of The
United States District Court
For The Southern District of New York

AFFIDAVIT

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Attorneys for Appellants Liquifin, Liquigas, Liquimportex, and Marfuggi
20 Broad Street, New York, New York 10005
Telephone: (212) 422-6767

Due and timely service of three (3) copies of the within Joint Appendix is hereby admitted this 30th day of Sept, 1974

Attorney for

4:30 P.M. Murphy Rice Guthrie & Alexander
Att'ys for Liggett, Ligget,
Liggettx & Marfizi